

MISSOURI PUBLIC SERVICE COMMISSION

2016 ANNUAL REPORT



PSC COMMISSIONERS



— Photo by Mark Hughes

Pictured left to right: Commissioner **Scott T. Rupp**; Commissioner **Stephen M. Stoll**; Chairman **Daniel Y. Hall**; Commissioner **Maida J. Coleman**; and Commissioner **William P. Kenney**



Commissioners

DANIEL Y. HALL
Chairman

STEPHEN M. STOLL

WILLIAM P. KENNEY

SCOTT T. RUPP

MAIDA J. COLEMAN

Missouri Public Service Commission

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SHELLEY BRUEGGEMANN
General Counsel

MORRIS WOODRUFF
Secretary

WESS A. HENDERSON
Director of Administration

NATELLE DIETRICH
Staff Director

October 24, 2016

The Honorable Jeremiah W. Nixon
Governor of Missouri
State Capitol
Jefferson City, Missouri

Dear Governor Nixon,

As Chairman of the Missouri Public Service Commission, it is my pleasure to submit the agency's Annual Report for the fiscal year July 1, 2015, through June 30, 2016, as well as additional information for the calendar year 2016. The Commission's work this year included the following:

- **Working Dockets:** The Commission opened several working dockets to examine:
 - Policies to improve electric regulation;
 - Security practices for protecting essential utility infrastructure;
 - Proposals to create a revenue decoupling mechanism for utilities;
 - Mechanisms to encourage infrastructure efficiency; and
 - Electric vehicle charging station infrastructure regulation and policy development.
- **Major Rate Cases:** The Commission reached decisions in electric rate cases filed by Kansas City Power & Light Company and The Empire District Electric Company as well as water and sewer rate cases filed by the Missouri-American Water Company. During the 2017 fiscal year, the Commission will decide electric rate cases filed by KCP&L-Greater Missouri Operations Company, Ameren Missouri, and Kansas City Power & Light Company.
- **Electric Rates:** Missouri continued to maintain residential, commercial and industrial electric rates below the national average while protecting the reliability and quality of utility services. The Commission continues to closely examine utility rates and the affect they have on low-income Missourians.
- **Missouri Energy Efficiency Investment Act (MEEIA):** During the 2016 fiscal year, the Commission approved Cycle 2 MEEIA programs for Ameren Missouri, Kansas City Power & Light Company, and KCP&L-Greater Missouri Operations Company. MEEIA programs continue to offer effective energy efficiency programs for electric customers.

- **Merger Case:** The Commission approved the merger of The Empire District Electric Company with Liberty Sub Corp.
- **Transmission Line Cases:** The Commission reached decisions in electric transmission line cases filed by Ameren Transmission Company of Illinois (ATXI) and Grain Belt Clean Line LLC (Grain Belt). The Commission approved ATXI's application and denied Grain Belt's application. Grain Belt has reapplied for approval of its electric transmission line project, which is currently pending before the Commission.
- **Organizational Changes:** In September 2015, the Commission announced changes to the organizational structure of the agency. The Commission is always looking for ways to improve the service it provides Missourians and to further promote an efficient regulatory process that is fair and responsive to all parties. The Commission now oversees three divisions: Administration and Regulatory Policy, General Counsel and Commission Staff.
- **Consumer Services:** The Commission, through its Consumer Services Department, responded to more than 10,000 customer-related contacts and saved Missouri consumers approximately \$382,000 during the 2016 fiscal year working with consumers and utility companies to resolve disputes (i.e. billing, service charge issues). The Commission handled 12 formal and 1,781 informal complaints during the fiscal year.
- **Consumer Outreach and Education:** In fiscal year 2016, the Commission conducted or participated in approximately 47 different consumer outreach activities. The Commission continues its efforts to educate consumers on energy efficiency options that can impact customers' monthly utility bills. We accomplish this goal through our involvement in a number of events in local communities such as back to school programs, energy and job fairs as well as senior citizen events.
- **Local Public Hearings:** The Commission held local public hearings across the state to receive customer comments on contested cases. These hearings provide the Commission with an opportunity to educate consumers on the role of the Commission and to answer questions the consumers may have about the Commission or about the utility services customers receive. The Commission held 22 local public hearings during the 2016 fiscal year.
- **Federal Activity:** The Commission continued to be a strong and active voice for Missouri ratepayers by monitoring and intervening in cases before the Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC).
- **Manufactured Housing and Modular Unit Program:** The Commission Staff conducted 484 on-site inspections and licensed 132 manufacturers, 205 retail dealers and 77 installers during the 2016 fiscal year. Approximately 1,026 new manufactured homes and modular units were sold in Missouri during the 2016 fiscal year. In addition, 1,209 used homes were sold in the state during that time period.
- **Open Proceedings:** The Commission continues to pursue transparency in its proceedings. Consumers can access the Commission's website and view, in real time, hearings in cases before the Commission or watch the Commission conduct business in its weekly Agenda meeting. In addition, consumers can view all public information in cases before the Commission by accessing the website (psc.mo.gov).

I hope that you will find this Annual Report helpful. If there is any additional information I can provide, please contact me.

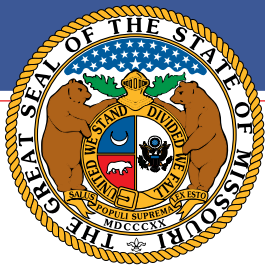
Sincerely,


Daniel Y. Hall
Chairman

2016

— Table of Contents —

Budget	6
PSC Commissioner Biographies	7-9
Key Personnel/Organizational Functions	10-13
Regulatory Activity	14-41
Year-In-Review	42-43
Commissioner History	44
Contacting the PSC	45



BUDGET

Fiscal Year 2017

Public Service Commission

Public Service Commission-Personal Service	\$10,889,234
Public Service Commission-Expense & Equipment	\$2,536,462
Public Service Commission-Refunds	<u>\$10,000</u>

Total \$13,435,696

Full-Time Employees (F.T.E.) 194.00

Office of Public Counsel-Personal Service	\$899,815
Office of Public Counsel-Expense & Equipment	<u>\$265,609</u>

Total \$1,165,424

Full-Time Employees (F.T.E.) 16.00

Deaf Relay Service and Equipment Distribution Program

Expense & Equipment Appropriation	<u>\$2,495,808</u>
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Total \$2,495,808

Full-Time Employees (F.T.E.) 0.00

Manufactured Housing Department

Personal Service	\$358,748
Expense & Equipment	\$354,466
Program Specific Distribution & Refunds(MH)	\$20,000
MH-Refunds	<u>\$10,000</u>
Subtotal	\$743,214

Program Specific Distribution MH Consumer Recovery* \$192,000

Total \$935,214

Full-Time Employees (F.T.E.) 8.00

TOTAL BUDGET \$18,032,142
TOTAL FTE 218.00

*Consumer Recovery Fund Appropriation

COMMISSIONER BIOGRAPHIES



Daniel Y. Hall
Chairman



Stephen M. Stoll
Commissioner



William P. Kenney
Commissioner



Scott T. Rupp
Commissioner



Maida J. Coleman
Commissioner

Chairman Daniel Y. Hall



Chairman Daniel Yves Hall was appointed to the Missouri Public Service Commission on September 27, 2013 by Governor Jay Nixon, and unanimously confirmed by the Missouri State Senate in January, 2014. He was appointed Chairman by Governor Nixon on August 10, 2015. He is the 101st PSC Commissioner in the 100-year history of the PSC – Missouri's oldest state agency.

Chairman Hall is an active member of the National Association of Regulatory Utility Commissioners, serving on the NARUC Committee on Water, the Washington Action Committee, and the Subcommittee on Education and Research. In addition, he serves on the Organization of MISO States Board of Directors and Executive Committee, and serves as Vice Chair of the Financial Research Institute's Advisory Board.

From January of 2009 when Governor Nixon was sworn into office until his appointment to the Commission, Hall served as the Legislative Director to the Governor, overseeing efforts to advance the Nixon Administration's legislative agenda and serving as lead liaison between the Governor and members of the Missouri General Assembly.

From 2003 to 2009, Hall served as Senior Counsel and Assistant Attorney General in the Office of Missouri Attorney General Jay Nixon. In this position, he litigated in state and federal courts, both trial and appellate, and provided counsel to the Attorney General concerning a wide range of topics including tobacco, sunshine law, education, elections, federal military base closure, and constitutional legislative procedures.

Between 2001 and 2003, Hall served in the Administration of Governor Bob Holden, first as Assistant Commissioner for Policy in the Office of Administration, then as a Senior Policy Adviser to the Governor. In these positions, Hall worked in policy development and legislation in the areas of transportation, natural resources, conservation, labor, agriculture, economic development and the annual state operating budget.

From 1998 to 2001, Hall served as Chief of Staff to Missouri House Speaker Steve Gaw. His responsibilities included coordinating the formulation and passage of the legislative agenda of the Speaker and House majority caucus, supervision of the Speaker's office staff and liaison with the Chief Clerk regarding House legal and personnel matters.

Prior to his state government service, between 1995 and 1998, Hall worked in private practice as an associate with Bryan Cave, LLP in Kansas City. His litigation practice included labor and employment, class action defense and commercial disputes.

From 1993 to 1995, Hall served as a Law Clerk to United States District Court Judge Dean Whipple. In this capacity, Hall conducted research and drafted opinions and orders in a broad range of civil and criminal cases, and provided counsel to the Judge concerning the court's management of state and local entities under its supervision.

Hall was awarded a Juris Doctorate from the University of Missouri School of Law in 1993. His law school honors include the Order of the Coif, Order of the Barristers and Board of Advocates. He was a member of the Law Review, serving as Note and Comment Editor.

In 1988, Hall graduated cum laude with a Bachelor of Arts degree from Carleton College in Northfield, Minnesota, with a major in history and a minor in political economy.

Hall and his wife, Cindy, have three children – Elly, Kate and Keaton – and make their home in Columbia.

Commissioner Stephen M. Stoll



Commissioner Stephen M. Stoll was appointed to the Public Service Commission by Missouri Governor Jay Nixon in December of 2011.

Commissioner Stoll is well-known to the Missouri House of Representatives and Senate, having been elected to both legislative bodies by the citizens of Jefferson County, Missouri. Stoll was first elected to the Missouri House of Representatives in 1992 and was re-elected in 1994 and 1996. During his tenure

in the Missouri House, Stoll served on a number of legislative committees and as chairman of the House Elementary and Secondary Education Committee.

In 1998, Stoll was elected to a four-year term to the Missouri Senate and was re-elected in 2002. He served on a number of committees, including the Senate Committee on Commerce and the Environment, the Senate Ways and Means Committee and the Senate Appropriations Committee. He also served as chairman of the Committee on Elections, Veterans and Corrections during his first term in the Senate.

In 2005, Stoll returned to Jefferson County to serve as the City Administrator of Festus, Missouri, a position he held for four years.

In 2009, Stoll was named Director of Administration for Jefferson County, Missouri, becoming the first director to serve under the Home Rule Charter of Jefferson County.

Commissioner Stoll is a member of the National Association of Regulatory Utility Commissioners where he serves on the Committee on Electricity and the Subcommittee on Nuclear Issues – Waste Disposal. He also serves as the Missouri Public Service Commission's representative on the Regional State Committee for the Southwest Power Pool.

Stoll is a veteran of the U.S. Army. He holds a Bachelor of Arts degree in political science from the University of Missouri-Columbia and a Master of Education degree from the University of Missouri-St. Louis.

Stoll worked as a classroom teacher in Jefferson County schools, where he taught social studies for twenty years. He was first elected to public office in Crystal City, Missouri, where he served on the City Council from 1983 to 1992.

Commissioner Stoll and his wife, Kathy, have four children (Emily Stoll, deceased) and five grandchildren.

Commissioner William P. Kenney



Commissioner William P. Kenney was appointed to the Missouri Public Service Commission by Governor Jay Nixon on January 9, 2013. On January 24, 2013, he was confirmed by the Missouri Senate to a six-year term.

Commissioner Kenney was born in San Francisco, California and grew up in Southern California with his parents and eight siblings. He received an Associate of Arts Degree from Saddleback Junior College and attended

Arizona State University prior to graduating from the University of Northern Colorado with a Bachelor's Degree in Business Management.

Commissioner Kenney was drafted as a quarterback in the National Football League by the Miami Dolphins in 1978. He went on to play professional football for 11 years, 10 with the Kansas City Chiefs. Among his many accomplishments were becoming the National Football League's fourth quarterback to ever throw for 4000 yards in a single season, Pro Bowl 1983 and Kansas City Chiefs Most Valuable Player in 1983.

Upon his retirement from football, Commissioner Kenney became a licensed real estate broker. He is president of Bill Kenney & Associates, a real estate brokerage and development company. He is also president of Bill Kenney Homes, a residential construction company.

Commissioner Kenney was elected to the Missouri Senate in 1994 and served the citizens of eastern Jackson County until 2002. In 2001, Commissioner Kenney was selected by Senate members to serve as the Majority Floor leader, the first Republican to hold this office in over 50 years.

In 1996, Commissioner Kenney was the Republican nominee for Lieutenant Governor. From January 2011 until accepting his current position, Commissioner Kenney was Chief of Staff for Missouri Lieutenant Governor Peter Kinder.

In August of 2013, Commissioner Kenney was appointed to the National Association of Regulatory Utility Commissioners Committee on Gas.

Commissioner Kenney is married to Sandra (Ehrlich) Kenney. They reside in Lee's Summit and have four adult children.

Commissioner Scott T. Rupp



Commissioner Scott T. Rupp was sworn in as Commissioner at the Missouri Public Service Commission in April of 2014. Previously he served two terms in the Missouri State Senate from 2006-2014, and two terms as a State Representative from 2003-2006.

Before his career in public service, Commissioner Rupp founded a college preparatory company, Educational Funding & Financial Aid Specialists, in which he assisted parents

of high school students in preparing their children for college. Having held his securities licenses, Scott also founded the investment firm Rupp & Associates along with a mortgage brokerage called Educational Financing Company, which specialized in loans for parents of college-bound students. Upon his election to the Missouri Senate, he sold his businesses and took a position with UMB Bank in Missouri, where he served as vice president of business development.

Commissioner Rupp serves on the Energy and Environment, Critical Infrastructure, and International Relations committees at the National Association of Regulatory Utility Commissioners (NARUC). He is also a member of the North American Numbering Council.

Commissioner Rupp earned his MBA from Lindenwood University and his Bachelors degree from the University of Missouri.

Commissioner Maida J. Coleman



Commissioner Maida J. Coleman was appointed to the Missouri Public Service Commission by Governor Jay Nixon, effective August 10, 2015. She was unanimously confirmed by the Missouri State Senate on January 21, 2016.

Prior to her appointment, Commissioner Coleman was the Director of the Office of Community Engagement. She previously served as the Executive Director of the Missouri Workforce Investment

Board at the Missouri Department of Economic Development, and was in a leadership role at the Missouri Department of Labor.

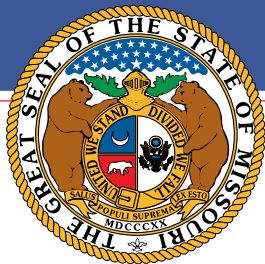
From 2001 until 2009, Commissioner Coleman served first as a State Representative and then as State Senator from St. Louis, becoming the first African-American woman in state history to serve as Senate Minority Leader.

While in the Missouri Senate, Commissioner Coleman sponsored the Hot Weather Rule (Law) which is designed to protect Missourians, particularly those who are older or low-income. The Hot Weather Rule prevents utilities from disconnecting cooling-related service for residential customers during summer weather extremes. She also sponsored legislation that became law to protect children from lead poisoning.

Commissioner Coleman previously held management level positions at the office of the Missouri Secretary of State and the St. Louis Housing Authority. She is a former member of the Board of Directors of Heat-Up/Cool-Down St. Louis. In the early 1980s, Commissioner Coleman worked in the transportation division of the Missouri Public Service Commission.

Commissioner Coleman has a B.A. in Journalism from Lincoln University in Jefferson City and was awarded a Doctor of Humane Letters Degree from Harris-Stowe State University in St. Louis in 2008.

A native of Sikeston, Missouri, Commissioner Coleman lives in St. Louis.



PSC KEY PERSONNEL

COMMISSIONERS

Daniel Y. Hall, Chairman.....	751-3243
Stephen M. Stoll, Commissioner	751-4221
William P. Kenney, Commissioner	751-7508
Scott T. Rupp, Commissioner	751-0946
Maida J. Coleman, Commissioner.....	751-4132

ADMINISTRATION AND REGULATORY POLICY DIVISION

Wess Henderson, Director	751-7435
Robert Boone, Legislative Coordinator	522-8708
Gay Fred, Manager-Consumer Services	751-3160
John Hanauer, Manager-Information Services	522-2453
Kevin Kelly, Public Information Administrator	751-9300
Contessa King, Outreach and Diversity Officer	751-5239
Beth Oetting, Manager-Human Resources	751-5606
Debbie Quick, Public Information Coordinator	522-2760
Consumer Services Toll-Free Hotline	1-800-392-4211
EFIS Toll-Free Help Desk	1-866-365-0924

GENERAL COUNSEL DIVISION

Shelley Brueggemann, General Counsel	526-7393
Morris Woodruff, Secretary/Chief Regulatory Law Judge	751-2849
Kim Happy, Manager-Data Center	522-6225
Cherlyn Voss, Manager-Regulatory Analysis Department	751-3966

COMMISSION STAFF DIVISION

Natelle Dietrich, Director	751-7427
Dan Beck, Manager-Engineering Analysis Unit	751-7522
Jim Busch, Manager-Water & Sewer Department	751-7529
Robin Kliethermes, Manager-Tariff/Rate Design Unit	522-3782
Lisa Kremer, Manager-Consumer & Management Analysis Unit	751-7441
Kathleen McNelis, Manager-Safety/Engineering Unit	751-3456
David Murray, Manager-Financial Analysis Unit	751-9160
Mark Oligschlaeger, Manager-Auditing Department	751-7443
John Rogers, Manager-Energy Resources Department	751-7524
Bob Schallenberg, Manager-Operational Analysis Department	751-7162
Justin Smith, Manager-Manufactured Housing Department	526-2833
David Sommerer, Manager-Procurement Analysis Unit	751-4356
Kevin Thompson, Chief Staff Counsel	751-6514
John Van Eschen, Manager-Telecommunications Department	751-5525
Manufactured Housing Toll-Free Hotline	1-800-819-3180

573 Area Code unless otherwise noted

THE ROLE OF THE PSC

JURISDICTION AND GOALS

The Missouri Public Service Commission (Commission or PSC) was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. The Commission regulates investor-owned electric, natural gas, steam, water and sewer utilities in Missouri. The Commission also has limited jurisdiction over telecommunications providers in the state. In addition, the Commission regulates the operational safety of the state's rural electric cooperatives and municipally-owned natural gas utilities. The Commission also regulates manufacturers and dealers of manufactured homes and modular units, and enforces initial home or unit installation.

The Commission oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives, municipally-owned electric utilities, investor-owned water and sewer utilities and public water supply districts. Under federal law, the Commission acts as a mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives utility service, whether it is electric, natural gas, water, sewer or telecommunications, from a company regulated in some manner by the Commission. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and ensure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the Commission must assure the rate paying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.

COMMISSIONERS

The Commission consists of five commissioners who are appointed by the governor with the advice and consent of the Missouri Senate.

The governor designates one member as the chairman who serves in that capacity at the pleasure of the governor.

Commissioners are appointed to six-year terms. These terms are staggered so that no more than two terms expire in any given year.

COMMISSION

The Commission is both quasi-judicial and quasi-legislative. The Commission is responsible for deciding cases brought before it by the utilities it regulates, as well as by the customers of those utilities, or by other interested stakeholders. Many of the Commission's actions or decisions are made after it hears complaints or applications in which the rights of individuals, ratepayers, utilities, or other stakeholders are determined. Such hearings are held in a trial-like setting using appropriate evidentiary standards. The Commission's decisions are subject to review by Missouri's courts.

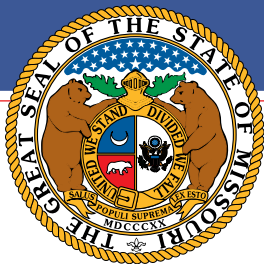
PSC STAFF

The Commission is assisted by a staff of professionals in the fields of accounting, consumer affairs, economics, engineering, finance, law and management. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The PSC Staff participates as a party in all cases before the Commission, conducting audits of the books and records of utilities and making recommendations to the Commission. PSC Staff recommendations, like those filed by other parties to a proceeding, are evaluated by the commissioners in reaching a decision. The Commission has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the PSC Staff to ensure compliance.

WEEKLY AGENDA MEETINGS

The Commission holds weekly agenda meetings to discuss various cases, policies and rulemakings, and to issue its decisions. Those meetings are open to the public and are webcast on the Commission's website (psc.mo.gov).



PSC ORGANIZATIONAL FUNCTIONS

ADMINISTRATION AND REGULATORY POLICY DIVISION



Wess Henderson
Director

The Administration and Regulatory Policy Division is responsible for managing the Commission's human and fiscal resources. The division has agency-wide responsibilities with departments that are responsible for the annual budget, fiscal services and procurement, human resources and payroll. The Public Policy and Outreach Department, another department of the division, develops and distributes information to the media on agency activities, responds to media requests, and provides utility consumer education materials. The Legislative Coordinator, the agency's primary contact person with the General Assembly, is also assigned to this division and assists in responding to constituent inquiries. The Outreach and Diversity Officer, a part of the division, is responsible for consumer outreach and education events and promotes the PSC in conjunction with recruiting diverse and qualified job applicants.

The division also houses the Consumer Services Department, the clearinghouse for all utility consumer inquiries. Consumer Services investigates and responds to complaints to ensure compliance with Commission rules and utility tariffs. When a consumer has an issue that is not satisfactorily resolved after an initial contact with the utility, the consumer may call the Commission consumer hotline (1-800-392-4211) for assistance.

GENERAL COUNSEL DIVISION



Shelley Brueggemann
General Counsel

The General Counsel is authorized by statute to represent the Commission in all actions and proceedings, whether arising under the Public Service Commission Law or otherwise. Attorneys in the General Counsel's Office appear in state and federal trial and appellate courts on behalf of the Commission. When authorized by the Commission, the General Counsel seeks civil penalties from persons or companies that have violated the Public Service Commission Law or the Commission's regulations or orders. The External Litigation Department manages and processes these cases. The General Counsel also provides legal advice to the Commission and each Commissioner as requested. The Regulatory Analysis Department, within the General Counsel's Division, represents the Commission's interests in various forums related to federal energy issues, including providing assistance in cases before the Federal Energy Regulatory Commission, along with providing analysis on policy issues facing the Commission.

The Adjudication Department is the Commission's quasi-judicial component and is part of the General Counsel Division. Regulatory law judges within the Adjudication Department handle cases from their filing until their resolution. The judge assigned to a case presides over any hearing, rules on objections and motions, and drafts orders, as directed or delegated by the Commission.

COMMISSION STAFF DIVISION



Natelle Dietrich
Staff Director

The Staff Director is responsible for leading all departments of the Commission's Staff. The position supervises and coordinates a number of PSC Staff functions including rate cases, complaints, tariff filings, certificate applications, rulemakings and investigatory dockets. The Operational Analysis, Staff Counsel, Auditing, Energy Resources, Water and Sewer, Manufactured Housing and Telecommunications Department are a part of the Commission Staff Division.

The Commission Staff Division supports the Commission in meeting its statutory responsibilities by providing technical expertise in safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. Commission Staff provide expertise in the areas of utility accounting, auditing, engineering, finance, management and natural gas procurement. Staff members perform audits, examinations, analyses and review the books and records of the regulated utilities providing service in Missouri. The Commission Staff Division is also responsible for investigating and responding to consumer complaints and making recommendations to the Commission regarding their resolution. The Commission Staff Division makes recommendations to the Commission in the form of expert testimony, formal recommendations and presentations.

Attorneys in the Staff Counsel's Department represent the PSC Staff in matters before the Commission. The Staff Counsel's Department also provides legal advice to the PSC Staff on matters before the Commission.

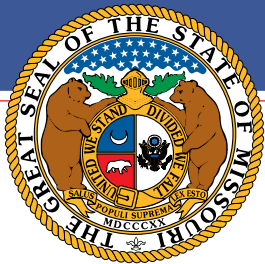
SECRETARY OF THE COMMISSION / CHIEF REGULATORY LAW JUDGE



Morris Woodruff
Secretary of the
Commission/
Chief Regulatory
Law Judge

The Secretary of the Commission is statutorily responsible for the records of the Commission and, acting through the Data Center, manages, maintains and preserves the official case files, tariffs and other official documents of the Commission. The Secretary, again acting through the Data Center, receives all incoming pleadings and issues all Commission orders.

The Chief Regulatory Law Judge oversees the operations of the Adjudication Department.



REGULATORY ACTIVITY

GENERAL UTILITY CASES

Note: The information in the Regulatory Activity Section of the Annual Report is for the 2016 fiscal year July 1, 2015 through June 30, 2016, updated through September 30, 2016.

Policies to Improve Electric Regulation (File No. EW-2016-0313)

On June 8, 2016, the Commission opened a working case to facilitate stakeholder discussions regarding possible policies intended to improve the way in which the Commission regulates Missouri's investor-owned electric utilities. The Commission invited interested stakeholders to submit written suggestions for policy changes by July 8, 2016, and responses to suggestions by August 8, 2016.

On August 25, 2016, Staff filed a motion asking the Commission to direct electric utilities to answer a couple of questions related to investment decisions, and how those decisions are affected by the current ratemaking process, and potential regulatory changes. The Commission, on August 31, 2016, issued an order directing the electric utilities to respond to Staff's questions by September 23, 2016. A workshop was held on September 13, 2016, and additional comments, including the electric utility responses to Staff's questions were received on September 23, 2016.



The Commission directed Staff to submit a written report to the Commission no later than October 17, 2016, describing and evaluating the submitted suggestions, and offering recommendations for any actions to be taken by the Commission.

Security Practices for Protecting Essential Utility Infrastructure (File No. AW-2015-0206)

On March 4, 2015, the Commission opened a working case to review and consider the physical and cyber security practices of all Missouri utilities. A workshop was held on March 23, 2015. On June 8, 2015, Staff filed a request asking the Commission to direct certain electric, natural gas, water, sewer and telecommunications companies to respond to several questions related to their physical and cyber security practices. Responses were due September 11, 2015. Staff submitted a report on October 23, 2015.

The Commission continues to place high importance on physical and cyber security, and has created a Critical Infrastructure Security Engineer position to serve as a liaison between the Commission, utilities and the Missouri Information Analysis Center. The person in this position will review and analyze information received related to known and perceived cybersecurity and physical security threats to Missouri's critical utility infrastructure.

Working Case to Consider Proposals to Create a Revenue Decoupling Mechanism for Utilities (File No. AW-2015-0282)

On February 27, 2015, Missouri-American Water Company filed a petition (File No. WX-2015-0209), asking the Commission to promulgate a rule to allow water and sewer utilities to petition the Commission to establish a revenue decoupling mechanism. The Commission denied Missouri-American's rulemaking petition, but indicated it would open a working case to further consider the concept of a revenue decoupling mechanism.

On May 1, 2015, the Commission issued a notice of a new proceeding to address revenue decoupling mechanisms for utilities. Interested stakeholders submitted comments in September and October, 2015; a workshop was held on September 17, 2015; and Staff filed a report on November 2, 2015.

Kansas City Power & Light Company and KCP&L-Greater Missouri Operations Company filed comments regarding Staff's report on December 7,

2015 and the Commission closed the file on February 19, 2016, indicating no further action was required.

Ex Parte / Extra-Record Communications (File No. AW-2016-0312)

On June 8, 2016, the Commission created a working file to determine whether its ex parte and extra-record communications rule should be amended. The Commission stated its goals are to: “(1) comply with Section 386.210.4, RSMo., which mandates that the Commission’s rules not impose ‘any limitation on the free exchange of ideas, views and information between any person and the commission or any commissioner’; (2) simplify compliance with the rule; and (3) promote consistency and fairness.” Attached to the order were proposed amendments to Chapter 4 of the Commission’s rules, which are “designed to achieve these goals.”

The Commission sought input from utilities, consumer and business organizations and other individuals and entities affected by the rule. Comments were filed by several entities on August 22, 2016. On September 22, 2016, the Commission issued an order establishing October 6, 2016, as the date for any person or entity to file reply or supplemental comments.

Mechanism to Encourage Infrastructure Investment (File No. EW-2016-0041)

On August 26, 2015, the Commission directed Staff to investigate the use of rate design mechanisms to promote stability or growth of customer levels in geographic locations where there is underutilization of existing infrastructure, in cooperation with Missouri’s regulated electric utilities and interested stakeholders.

A workshop was held on November 13, 2015, at which time electric utilities provided a technical discussion concerning distribution system planning and capabilities; existing tariff provisions designed to promote growth in underutilized areas; and current tariff provisions concerning line and facilities extension policies.

Staff recommended that, to the extent the Commission is interested in a model extension policy that most reasonably aligns with cost-causation without restricting new growth, such an extension policy should consider the incremental costs a customer causes to a system in determining how much, if any, customer advance is required.

Electric Vehicle Charging Station Infrastructure Regulation and Policy Development (File No. EW-2016-0123)

Even with gasoline and diesel at relatively low prices, electric vehicle (EV) purchases have increased to one percent (1%) on the annual car sales for the first time in 2016.¹ The increased interest and purchasing of electric vehicles is due to many reasons including the EVs’ ability to positively impact climate change over time. The range of the plug-in EV is ever increasing, now about 200 miles per charge for fairly affordable vehicles. The infrastructure to support electric vehicles is slowly being built throughout the United States.

KCPL submitted its request for recovery of its costs in its 2015 rate case (Case No. ER-2015-0370). The company initially requested \$20 million in the electric rate case for the installation of 1,100 charging stations. The impact on ratepayers was estimated to be approximately \$2.00 per month per ratepayer. The Commission denied the request and opened this working docket.

To properly consider the request and to facilitate policy development for the new technology for charging EVs, Staff recommended holding an EV workshop to gather information and to get stakeholder input and opinions. The Commission ordered Staff to investigate and report on the legal and policy regulatory issues related to both the installation and operation of EV charging facilities and the associated sale of electricity to EV owners. Specifically, Staff was ordered to consider and evaluate the opinions of relevant stakeholders and the experience of regulators in other jurisdictions. The EV workshop was held on May 25, 2016.

The Commission also ordered Staff to file a report of its findings on August 1, 2016. Comments on the report are due October 1, 2016.

On March 28, 2016, Ameren Missouri filed a 60-day notice of intent to file an electric rate tariff for EV charging stations (Case No. ET-2016-0246).

¹ Kaenel, Camille von. “ClimateWire Automotive”, n.d. Web. July 14, 2016. <http://www.scientificamerican.com/article/electric-car-sales-up-despite-low-gasoline-prices/>

Working Case to Facilitate Discussion of Responses to Gas Leaks and Prevention of Third-Party Damage to Natural Gas Facilities (File No. GW-2016-0013)

On July 22, 2015, the Commission opened a working docket to facilitate discussion regarding the prevention of third-party damages to natural gas facilities and responding to natural gas incidents when they occur. The Commission directed that this proceeding be used as a repository for receiving information and comments from interested stakeholders and suggested the possible establishment of a workshop to gather additional ideas and input.

To facilitate these discussions, Missouri Gas Energy (MGE) and Laclede Gas Company (Laclede) representatives hosted four workshops across Missouri to discuss preventing third-party damages to natural gas facilities and responding to natural gas incidents. Among the attendees to these workshops were natural gas operators and emergency responders. Additionally, MGE and Laclede implemented several measures to improve responses to natural gas emergencies, including holding 70 training sessions for fire and police departments for responding to natural gas emergencies.

The Safety Engineering Unit Staff filed a report summarizing the programs and presenting its recommendations on August 15, 2016.



ELECTRIC

RATE CASES DECIDED

Kansas City Power & Light Company (Case No. ER-2014-0370)

On October 30, 2014, Kansas City Power & Light Company (KCPL) filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$120.9 million (15.75%). According to KCPL, key components of the rate request were:

- Environmental investments at the La Cygne Generating Station and upgrades to the Wolf Creek Nuclear Generating Station.
- New infrastructure investments to ensure reliability, security and dependable service to customers.
- Transmission costs and property taxes.
- Requested authorization to implement a fuel adjustment clause (FAC) including transmission costs.

On September 2, 2015, the Commission granted KCPL an electric rate increase of approximately \$89.7 million. The Commission also determined that KCPL met the criteria to implement an FAC.

The Empire District Electric Company (Case No. ER-2016-0023)

On October 16, 2015, The Empire District Electric Company (Empire) filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$33.4 million.

According to Empire's filing, the most significant factor driving the rate increase request was costs associated with the conversion of the Riverton Unit 12 natural gas combustion turbine to combined cycle operations. Additional factors included increased transmission expense, administrative and maintenance expenses and costs incurred as a result of a mandated solar rebate program.

On August 10, 2016, the Commission approved an agreement reached by parties in the case which granted an increase of approximately \$20.4 million, effective September 14, 2016.

As part of its decision, the Commission authorized Empire to implement an experimental residential low-income pilot program that provides a 100% discount

on the customer charge (\$13.00 a month) for certain eligible low-income customers, based on Low Income Home Energy Assistance Program (LIHEAP) eligibility.

Empire was also allowed to continue to use its Fuel Adjustment Clause (FAC), which will allow Empire to adjust customer bills between rate cases to reflect increases or decreases in the cost of fuel used to generate electricity.

KCP&L-Greater Missouri Operations Company (Case No. ER-2016-0156)

On February 23, 2016, KCP&L-Greater Missouri Operations Company (KCP&L-GMO) filed an electric rate case with the Commission seeking to increase annual electric operating revenues by approximately \$59.3 million. According to the company, if approved, the increase would result in an average residential customer paying approximately \$9.00 more per month.

According to the Company's filing, increases in net fuel expenses, other operation and maintenance costs, transmission fees charged by regional transmission organizations, property taxes, and reduced electricity usage per customer, were among the factors creating the need for increased customer rates.

On September 28, 2016, the Commission approved an agreement reached by parties in the case which authorizes KCP&L-GMO to increase annual electric operating revenues by approximately \$3 million. The rate increase is expected to take effect in mid-December.

As part of the rate request, KCP&L-GMO sought to combine the two rate jurisdictions in the company area (MPS-Missouri Public Service and L&P-St. Joseph Light & Power). The agreement accepts the consolidation of the MPS and L&P rate districts into a common KCP&L-GMO-wide rate structure.

Under the agreement the FAC will be continued with KCP&L-GMO adjusting customer bills twice a year to reflect any increases or decreases in fuel and purchased power costs.

RATE CASES FILED AFTER THE 2016 FISCAL YEAR

Kansas City Power & Light Company (Case No. ER-2016-0285)

On July 1, 2016, KCPL filed a rate case with the Commission seeking to increase annual electric operating revenues by approximately \$90.1 million. According to KCPL, the increase would result in an average residential customer paying approximately \$9.00 more per month.

According to the Company's filing, increases in net fuel expenses, other operation and maintenance costs, transmission fees charged by regional transmission organizations, property taxes, as well as additional investment in plant assets, were among the major factors creating the need to seek increased rates.

The Commission has set the formal evidentiary hearing schedule and those hearings are scheduled to begin in early February, 2017.

Union Electric Company d/b/a Ameren Missouri (Case No. ER-2016-0179)

On July 1, 2016, Ameren Missouri filed a rate case with the Commission seeking to increase annual electric operating revenues by approximately \$206.4 million. According to Ameren Missouri, residential customers would pay approximately \$99 more per year if the rate request is approved.

According to the Company's filing, the rate increase request was driven by various factors, including:

- Continued investment in the Company's generation and energy delivery systems, including investments in projects necessitated by the North American Electric Reliability Corporation and the Nuclear Regulatory Commission;
- Impact of the loss of load from Noranda Aluminum, Inc., formerly Ameren Missouri's largest customer;
- Impact of lower customer loads as compared to loads used to set rates in Ameren Missouri's previous rate case;
- Higher regional transmission organization transmission charges;
- Higher property taxes; and
- Other increases in the Company's costs.

The Commission has set the formal evidentiary hearing schedule in this case and hearings are scheduled to begin in late February and continue through mid-March, 2017.

OTHER ELECTRIC CASES

Ameren Transmission Company of Illinois (Case No. EA-2015-0146)

On May 29, 2015, Ameren Transmission Company of Illinois (ATXI) submitted a conditional application for a certificate of convenience and necessity authorizing it to construct, install, operate, control, manage and maintain a new 345,000 volt (345-kV) electric transmission line running generally from Palmyra, Missouri and extending westward to a new substation located near Kirksville, Missouri, and a new 345-kV transmission line extending from the new substation north to the Iowa border, and a 2.2 mile 161,000 volt (161-kV) connector line from the new substation to an interconnection with the existing Adair substation owned by Union Electric Company d/b/a Ameren Missouri (Mark Twain project); or alternatively, for an order declining jurisdiction on the grounds that the Commission does not have jurisdiction over ATXI because ATXI is not a “public utility” under Missouri law.

Local public hearings were held in October 2015, and an evidentiary hearing was held in December 2015. On April 27, 2016, the Commission granted ATXI’s application for a certificate of convenience and necessity to construct the Mark Twain project, subject to several conditions including ATXI providing certified copies of county assents from Marion, Shelby, Knox, Adair and Schuyler counties. Requests for rehearing, reconsideration and clarification were filed in May and June 2016. The Commission’s order was appealed to the Western District Court of Appeals in July 2016.

Great Plains Energy, Inc.’s Acquisition of Westar Energy, Inc. (Case No. EM-2016-0324)

On June 1, 2016, the Commission Staff filed a motion for an investigation of the announced acquisition of Westar Energy, Inc. by Great Plains Energy, Inc. to determine whether the proposed transaction is likely to be detrimental to the public interest and the interests of Missouri ratepayers and grant such other and further relief as the Commission deems just in the circumstances. Great Plains Energy, Inc. is the holding company wholly owning two Missouri electric utilities, KCPL and KCP&L-GMO.

The motion was filed in response to a May 31, 2016 email from the CEO of Great Plains Energy, Inc. advising the Commission and its Staff “that the

merger is not subject to approval by the Missouri Public Service Commission.”

On June 8, 2016, the Commission issued an order opening the investigation and ordering the Staff to file its report. On July 1, 2016, Great Plains Energy, Inc. filed in this case the information provided to the Kansas Corporation Commission, information designed to obtain Kansas approval of this transaction.

On July 25, 2016, Staff filed its Investigation Report with supporting information filed on August 2, 2016. The Commission closed the case on August 3, 2016.

The Empire District Electric Company Merger with Liberty Sub Corp., a Wholly Owned Subsidiary of Liberty Utilities (Central) (Case No. EM-2016-0213)

On February 25, 2016, Empire, Liberty Sub Corp, and Liberty Utilities (Central) Co. filed a Notice of Intended Filing of an application(s) with the Commission for approval for Empire to merge with Liberty Sub Corp, a wholly owned subsidiary of Liberty Utilities (Central) Co.

On September 7, 2016, the Commission approved the merger after reviewing the joint application, testimony filed in the case and the reasonable conditions imposed on the merger transaction by the agreements of the parties. The Commission concluded that the merger transaction is not detrimental to the public and should be authorized.

FUEL AND PURCHASE POWER PRUDENCE REVIEWS

All four investor-owned electric utilities - Ameren Missouri, Empire, KCPL and KCP&L-GMO - have Commission-approved fuel adjustment clauses (FAC) through which the electric utility recovers from or refunds to customers 95 percent of fuel and purchased power costs, net of off-system sales revenues, which have been under-collected or over-collected relative to a base amount set in the utility’s last general rate case.

In fiscal year 2016, Staff completed prudence reviews of fuel and purchased power related costs included in the FACs of Empire (File No. EO-2015-0214) and KCP&L-GMO (File No. EO-2016-0053). Staff investigated each utility to determine whether the conduct of the utility’s decision-makers was

reasonable at the time, under all the circumstances, considering the utility had to make decisions prospectively rather than relying on hindsight. As a result of these prudence reviews, Staff found no imprudence by the decision-makers of Empire or KCP&L-GMO.

ELECTRIC UTILITY RESOURCE PLANNING FILINGS

The fundamental objective of the Chapter 22 Electric Utility Resource Planning process is to provide the public with energy services that are safe, reliable, and efficient, at just and reasonable rates, in compliance with all legal mandates, and in a manner that serves the public interest and is consistent with state energy and environmental policies. The fundamental objective also requires that the utility consider and analyze demand-side resources, renewable energy, and supply-side resources on an equivalent basis, subject to compliance with all legal mandates that may affect the selection of utility electric energy resources, in the resource planning process.

Further, Chapter 22 requires that electric utilities normally file on April 1 of each year either a triennial compliance filing or an annual update filing to comply with 4 CSR 240-22.080(1) or 4 CSR 240-22.080(3), respectively.

The following Chapter 22 filings were made in 2016:

- KCPL filed its annual update on March 15, 2016 (File No. EO-2016-0232);
- KCP&L-GMO filed its annual update on March 15, 2016 (File No. EO-2016-0233);
- Ameren Missouri filed its annual update on April 12, 2016 (File No. EO-2016-0273); and
- Empire District Electric filed its triennial filing on April 1, 2016 (File No. EO-2016-0223).



MISSOURI ENERGY EFFICIENCY INVESTMENT ACT

The Missouri Energy Efficiency Investment Act (MEEIA), 393.1075 RSMo, Supp. 2015, was passed by the Missouri legislature and signed by Governor Nixon in August 2009. The purpose of MEEIA is to encourage investor-owned electric utilities to develop and implement demand-side management (DSM) programs, which are commonly called energy efficiency programs or demand response programs. Rules to implement MEEIA became effective May 30, 2011.

The rules provide procedures for filing and processing applications for approval, modification and discontinuance of electric utility demand-side programs and for the establishment and operation of demand-side programs investment mechanisms, and also allow for periodic adjustments in customers' rates between general rate cases related to the recovery of costs and utility incentives for investments in demand-side programs.

On December 12, 2014, Ameren Missouri requested approval of demand-side programs, a technical resource manual (TRM) and a demand-side programs investment mechanism (DSIM) for its MEEIA Cycle 2 (Case No. EO-2015-0055). A non-unanimous stipulation and agreement was filed on February 5, 2016 and approved by the Commission on February 10, 2016.

Ameren Missouri's MEEIA Cycle 2 DSM program implementation began on March 1, 2016, and will end February 28, 2019. Cycle 2 DSIM will allow for recovery of actual demand-side program costs and recovery of fixed operating costs and lost earning opportunity based on after-the-fact verified energy and demand savings for Cycle 2. Cycle 2 DSIM also allows for recovery of outstanding over- or under-recovered balances and any earned performance incentive award as a result of Ameren Missouri's MEEIA Cycle 1 DSIM (Case No. EO-2012-0142). Ameren Missouri's MEEIA Cycle 1 programs started on January 2, 2013 and ended December 31, 2015.

On August 28, 2015, KCPL requested approval of demand-side programs, a TRM and a DSIM for its MEEIA Cycle 2 (Case No. EO-2015-0240). A non-unanimous stipulation and agreement was filed on November 23, 2015 and approved by the Commission on March 2, 2016, following an evidentiary hearing concerning some of the terms in the stipulation and agreement.

KCPL's MEEIA Cycle 2 DSM programs' implementation began on April 1, 2016, and will end March 31, 2019. Cycle 2 DSIM will allow for recovery of actual demand-side program costs and recovery of fixed operating costs and lost earning opportunity based on after-the-fact verified energy and demand savings for Cycle 2. The Cycle 2 DSIM also allows recovery of outstanding over- or under-recovered balances and any earned performance incentive award as a result of KCPL's MEEIA Cycle 1 DSIM (Case No. EO-2014-0095). KCPL's MEEIA Cycle 1 programs started on July 6, 2014 and ended December 31, 2015.

On August 28, 2015, KCP&L-GMO requested approval of demand-side programs, a TRM and a DSIM for its MEEIA Cycle 2 (Case No. EO-2015-0241). A non-unanimous stipulation and agreement was filed on November 23, 2015. Following an evidentiary hearing, the Commission approved the MEEIA plan contained in the non-unanimous stipulation and agreement on March 2, 2016.

KCP&L-GMO's MEEIA Cycle 2 DSM programs' implementation began on April 1, 2016, and will end March 31, 2019. Cycle 2 DSIM will allow for recovery of actual demand-side program costs and recovery of fixed operating costs and lost earning opportunity based on after-the-fact verified energy and demand savings for Cycle 2. The Cycle 2 DSIM also allows recovery of outstanding over- or under-recovered balances and any earned performance incentive award as a result of KCP&L-GMO's MEEIA Cycle 1 DSIM (Case No. EO-2012-0009). KCP&L-GMO's MEEIA Cycle 1 programs began on January 26, 2013 and ended December 31, 2015.

Commission rules require that a prudence review of the costs subject to each approved DSIM shall be conducted by the Commission Staff no less frequently than at 24-month intervals. All amounts ordered refunded by the Commission shall include interest at the electric utility's short-term borrowing rate.

In fiscal year 2016, Staff completed its first prudence reviews of costs for the DSIM of KCP&L-GMO (File No. EO-2015-0180) and for KCPL (File No. EO-2016-0183). Staff investigated the utility to determine whether the conduct of the utility's decision-makers was reasonable at the time, under all the circumstances, considering the utility had to make decisions prospectively rather than relying on hindsight. As a result of its prudence reviews, Staff found no imprudence by the decision-makers of KCP&L-GMO or KCPL.

RESIDENTIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Washington	9.00	1
Louisiana	9.22	2
North Dakota	9.75	3
Arkansas	9.84	4
Oklahoma	10.02	6
Kentucky	10.08	8
Tennessee	10.27	9
Nebraska	10.79	11
Missouri	10.99	16
Iowa	11.87	25
Kansas	12.31	29
Illinois	12.49	31
U.S. Average	12.67	
Alaska	20.13	49
Connecticut	20.90	50
Hawaii	29.61	51

COMMERCIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Oklahoma	7.54	1
Texas	7.80	2
Idaho	7.82	3
Arkansas	8.27	6
Illinois	8.90	13
Nebraska	8.90	13
Missouri	9.02	16
Iowa	9.05	17
Kentucky	9.31	20
Kansas	9.99	28
Tennessee	10.21	31
U.S. Average	10.59	
Connecticut	15.95	49
Alaska	17.81	50
Hawaii	26.92	51

INDUSTRIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Washington	4.42	1
Montana	5.22	2
Oklahoma	5.23	3
Louisiana	5.38	4
Kentucky	5.41	5
Iowa	5.95	8
Arkansas	6.13	13
Missouri	6.22	15
Tennessee	6.30	18
Illinois	6.35	19
U.S. Average	6.89	
Kansas	7.37	34
Nebraska	7.55	35
Rhode Island	13.90	49
Alaska	14.85	50
Hawaii	23.06	51

Source Reference: U.S. Energy Information Administration's Electric Monthly February 2016 with data through December 2015. Table 5.6b.

NATURAL GAS

Union Electric Company d/b/a Ameren Missouri-Earnings Investigation (Case No. GO-2016-0362)

On June 30, 2016, the Commission's Staff filed a motion asking the Commission to open an earnings investigation into natural gas rates charged by Ameren Missouri. Staff explained that it is concerned that those rates have not been adjusted for over five years and may no longer be just and reasonable.

On July 12, 2016, the Commission ordered its Staff to undertake an investigation into the rates charged by Ameren Missouri for natural gas. If the investigation reveals that a change to Ameren Missouri's natural gas rates is appropriate, Staff may file a formal complaint to seek further action in the context of contested case procedures.

Staff filed a progress report regarding the status of this investigation on September 12, 2016, and will make further periodic reports until the investigation is concluded.

Office of the Public Counsel's Request to Review Spire (Formerly Known as the Laclede Group) (Case No. GM-2016-0342)

On June 16, 2016, Office of the Public Counsel (OPC) filed a motion asking the Commission to open an investigatory docket of the announced acquisition of EnergySouth, Inc. by Spire Inc. to determine whether or not the proposed transaction is likely to be detrimental to the public interest and the interests of Missouri ratepayers. Spire Inc. is a holding company owning Laclede Gas Company. Spire Inc. filed its objection to this docket.

On July 20, 2016, the Commission issued an order granting OPC's motion. The Commission directed its Staff to investigate and file a report no later than September 2, 2016. Staff's report was to include its position regarding whether the transactions 1) have any effect on Missouri ratepayers, 2) could cause any detriment to the public interest, and 3) are subject to the Commission's jurisdiction.

On September 1, 2016, Staff filed its report. The Commission closed the investigatory docket on September 7, 2016.

Roeslein Alternative Energy Services, LLC (Case No. GA-2016-0271)

On April 12, 2016, Roeslein Alternative Energy Services, LLC (RAES) a subsidiary of Roeslein Alternative Energy LLC (RAE) filed with the Commission a request for order regarding lack of jurisdiction, or in the alternative, an application for a certificate of convenience and necessity (CCN).

In its application, RAES sought to construct three separate pipelines along three separate routes to transport gas from biological production and treatment facilities that are located at individual farm sites in northern Missouri to the ANR interstate pipeline, injecting the gas into the ANR interstate pipeline at three separate interconnect locations; these pipelines being the Proposed Central Corridor Pipeline, Proposed East Corridor Pipeline and Proposed West Corridor Pipeline.

Staff investigated the request and submitted a recommendation to the Commission on June 28, 2016. Staff stated that the Commission has pipeline safety authority and jurisdiction for intrastate transportation of gas in Missouri and accordingly the Commission Staff will be applying the pipeline safety regulations in Rules 4 CSR 240-40.020, 40.030 and 40.080 to the proposed pipelines if constructed.

On August 3, 2016, the Commission issued an order effective August 16, 2016 finding that with respect to the Proposed Central Corridor Pipeline, since it is not operating for public use, no CCN is required. With respect to the Proposed East and West Corridor Pipelines, the application was dismissed without prejudice because RAES did not provide sufficient information to determine who these projects will serve and whether the projects will operate for public use.



NATURAL GAS PIPELINE SAFETY PROGRAM

The Commission has gas safety jurisdiction over all intrastate natural gas pipeline operators in the state which includes five intrastate transmission pipelines, five investor-owned natural gas distribution utilities (all of which have intrastate transmission pipelines and all of which have multiple operating districts/inspection units), 41 municipally-owned natural gas distribution systems (one of which also has an intrastate transmission pipeline), one gas distribution system owned and operated by a private company on a U.S. Department of Defense facility at Fort Leonard Wood, and three pipeline systems that supply landfill gas directly to customers including a high school, a correctional facility gas-fired electric generation turbine and a commercial customer.

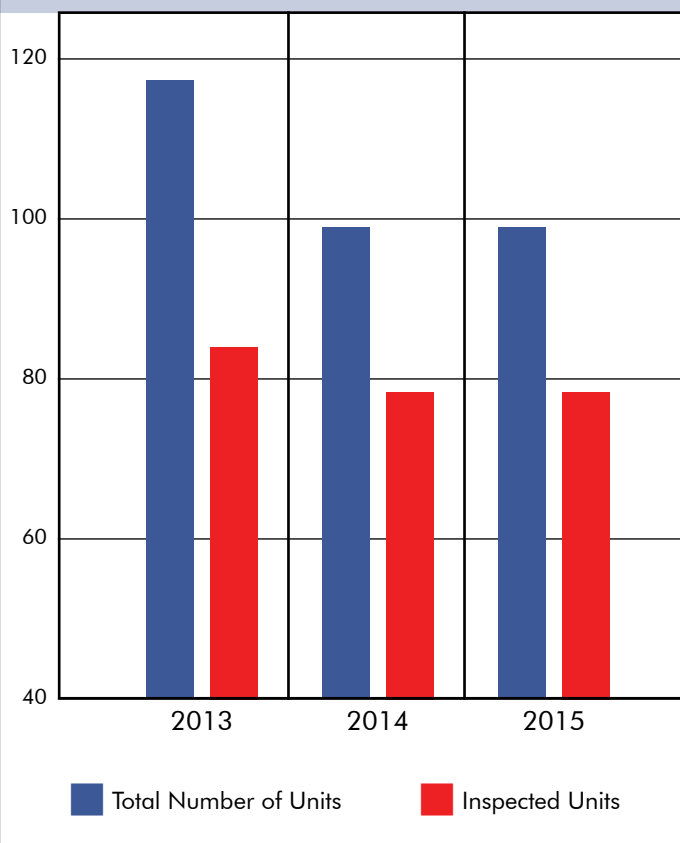
PSC Safety Engineering Unit Staff are in the field throughout the year evaluating these pipeline systems. During the 2015 calendar year, Safety Engineering Unit Staff conducted 74 comprehensive office and field inspections, follow-up inspections, construction inspections and other investigations. These inspections/investigations resulted in Safety Engineering Unit Staff being in the field over 486 inspection-person days.

The Commission's natural gas pipeline safety program is carried out under a cooperative agreement with the U.S. Department of Transportation – Pipeline and Hazardous Materials Safety Administration. As a part of this program, the Commission has adopted the applicable federal pipeline safety regulations, including 49 CFR Part 192, that make up the "minimum" federal safety standards applicable to natural gas pipelines.

The Commission continues to take a proactive approach to pipeline safety in Missouri with pipeline safety rules, which are in many cases, more stringent than current federal regulations. This approach includes looking at and extensively evaluating various pipeline replacement programs, leak survey inspections, leak investigations and classifications, corrosion control of steel pipelines, and other pipeline safety programs.

Intrastate natural gas pipeline operators are divided into 98 "inspection units" for purposes of the Program's annual comprehensive inspections, which include over 27,000 miles of natural gas distribution mains, approximately 1,000 miles of intrastate natural gas transmission pipelines and over 1.5 million service lines.

MISSOURI JURISDICTIONAL NATURAL GAS OPERATOR INSPECTION UNITS



PROCUREMENT ANALYSIS

Natural Gas ACA Activities

There are five natural gas local distribution companies (LDC) serving Missouri – Ameren Missouri, Liberty Utilities, The Empire District Gas Company, Laclede Gas Company (Missouri Gas Energy and Laclede Gas are operating divisions of Laclede Gas Company), and Summit Natural Gas of Missouri.

The Procurement Analysis Unit conducts an annual Actual Cost Adjustment (ACA) review for each natural gas local distribution company after the LDCs close out their records following the end of each ACA period. A primary purpose of the ACA process is to reconcile the company's actual gas costs with what it charged customers (its billed revenues).

In its purchased gas adjustment (PGA) filings, the company estimates its gas costs for the upcoming year. In the ACA, the estimate is reconciled with the actual prudently incurred cost of gas. In this function, the Procurement Analysis Staff reviews the LDC's true-up of gas costs for the period under review. A comparison of billed revenue recovery with actual gas costs will normally yield either an over-recovery or under-recovery of the ACA balances.

Another purpose of the ACA process is to examine the prudence of the LDC's gas purchasing and operating decisions. For its analysis, the PSC Staff reviews the estimated peak day requirements and the capacity levels to meet those requirements; peak day reserve margin and the rationale for this reserve margin; natural gas supply plans for various weather conditions; and hedging for the ACA period.

PSC Staff will consider the financial impact on customers of the LDC's use of its gas supply, transportation, and storage contracts in light of the conditions and information available when the operational decisions were made.

The Procurement Analysis Unit, in conjunction with other PSC Staff, held discussions with the LDCs regarding their hedging activities for the 2015/2016 winter to inquire as to whether the LDCs were taking actions to mitigate the effects of potential winter price spikes on their price of gas.

Other Proceedings

Although focused largely on natural gas ACA activities, the Procurement Analysis Unit, because of its knowledge of natural gas issues, assisted in the review of LDC complaint cases, merger cases, proposed tariff changes, and natural gas rate cases.

The Procurement Analysis Unit also assisted in the review of affiliate transactions that impacted the recovery of gas costs.

The Procurement Analysis Unit also participates in the rate design review of gas Infrastructure System Replacement Surcharges (ISRS).

FEDERAL ELECTRIC AND NATURAL GAS ACTIVITIES

The Commission actively participates in proceedings at FERC because FERC regulates interstate electric and natural gas companies and its decisions directly affect Missouri electric and natural gas consumers.

The PSC filed a notice of intervention (NOI) in 36 cases at FERC during the fiscal year ending June 30, 2016. An NOI allows the PSC to participate in a case before FERC as a party to the case. As a party to a FERC case, the PSC has access to all confidential documents provided to parties throughout the case and may participate in settlement negotiations to resolve any issues brought by the parties to the case. In FERC cases where the PSC has specific concerns, either comments or a protest may be filed. The PSC filed either comments or protests in 12 of the cases to which it was a party.

Federal Natural Gas Activities

The FERC regulates interstate natural gas pipeline companies and their decisions directly affect Missouri natural gas consumers. The PSC actively participates





at FERC in company-specific and generic proceedings, focusing on those pipelines having the greatest impact on Missouri consumers and/or those where representation of Missouri interests is otherwise limited or absent. The PSC strives to ensure that Missouri consumers receive reliable natural gas transportation service at reasonable rates.

Missouri's LDCs, including both natural gas utilities and electric utilities that generate energy with natural gas powered combustion turbines, must rely on FERC regulated interstate pipelines for storage and delivery of their natural gas supplies. Currently, there are 11 interstate pipelines physically located within the boundaries of the state of Missouri able to serve Missouri utility companies, with an additional 4-6 upstream pipelines providing transportation and, in some cases, natural gas storage service.

Three pipelines deliver the majority of the state's natural gas to Missouri LDCs: Panhandle Eastern Pipe Line Company, LP (Panhandle), Southern Star Central Gas Pipeline Inc. (Southern Star), and Enable Mississippi River Transmission Corporation, LLC (MRT). Southern Star has several pipelines that serve the Kansas City, St. Joseph, Springfield and Joplin areas as well as a small lateral terminating in St. Louis. Panhandle serves Kansas City, central Missouri and St. Louis. MRT serves St. Louis and portions of southeast Missouri. In addition, Natural Gas Pipeline Company of America (NGPL), Ozark Gas Transmission, LLC and Texas Eastern Transmission serve southeastern Missouri; Tallgrass Interstate Gas Transmission, LLC and KPC Pipeline, LLC serve the Kansas City area; ANR Pipeline Company serves northern Missouri and MoGas Pipeline serves from St. Louis to Rolla. Rockies Express Pipeline, LLC also crosses the state of Missouri.

Southern Star Central Gas Pipeline

A joint project of the Missouri and Kansas departments of transportation to replace a bridge crossing between Kansas City, Kansas and Riverside, Missouri led to the need for Southern Star to abandon its pipeline crossing the Missouri River on the Platte Purchase Bridge and replace the pipeline by boring under the Missouri River. The PSC intervened in this case (Docket No. CP15-348) and discussed the project with Southern Star. The project was completed by Southern Star in late February, 2016.

Fuel Tracker Cases

The PSC has intervened in a number of fuel and lost-and-unaccounted-for-gas (LUFG) cases in which interstate pipelines have filed at FERC to change their LUFG rates. LUFG rates are recovered through in-kind gas from shippers. Shippers on a given interstate pipeline are required to put gas into the pipeline system for the pipeline's use. Interstate pipelines typically use this gas in two ways: to fuel compressor stations and to replace gas that the pipeline loses in the transportation process. Gas may be lost from a pipeline in several ways including leakage or during repair and maintenance of the pipeline.

FERC allows pipelines to adjust LUFG rates based upon their actual natural gas usage or fuel loss the pipeline has experienced during the last annual period. The majority of these fuel and LUFG rate filings are accepted and approved by FERC without issue. The PSC has intervened and filed comments or a protest in cases where proposed LUFG rates did not appear just and reasonable. The PSC has been successful in reducing proposed fuel and LUFG rates over time to the benefit of Missouri customers.

The PSC's comments in Southern Star's FERC Docket No. RP16-626 this year led to a reduction in the LUFG rate to be charged to shippers. The PSC's comments led to costs associated with incidents on the Southern Star pipeline reported to the U.S. Department of Transportation not being included in the determination of the fuel and LUFG rate. FERC had previously held that "fuel tracking mechanisms are appropriate for normal operating costs but are not appropriate for the recovery of gas losses outside the scope of normal pipeline operations."

Tallgrass Interstate Gas Transmission, LLC FERC Docket No. RP16-137

A general rate case was filed at FERC by Tallgrass on October 30, 2015 seeking an increase in rates to support a \$123.7 million cost of service. The rates were to become effective on May 1, 2016. Tallgrass had not sought a general rate increase from FERC for 17 years. Over that period of time the flow of natural gas over Tallgrass had diminished approximately 30% while the costs of service increased 12% leading to much higher proposed rates.

Tallgrass serves natural gas pipeline customers in Kansas and Missouri. Missouri Gas Energy (Laclede) transports natural gas on Tallgrass' pipeline under a negotiated contract. Therefore, the impact of the rate increase would not immediately impact the cost to Missouri Gas Energy.

Through settlement negotiations the rate impact of the proposed rate increase to firm transportation customers was reduced from between 12% to 47% depending upon the receipt and delivery points of the transportation service. The settlement of the rate case prior to the May 1 effective date allowed Tallgrass to place the negotiated settlement rates into effect in place of the higher proposed and filed rates. The PSC participated in the Tallgrass settlement negotiations and did not oppose the final settlement.

ANR Pipeline Company FERC Docket No. RP16-440

ANR filed a general rate case at FERC on January 29, 2016 asking for a rate increase to cover a cost of service (\$925 million) approximately 60% over its cost of service in its last rate case (RP94-43) filed over 20 years ago. ANR's system consists of approximately 9,400 miles of pipeline and nearly 216 billion cubic feet (Bcf) of storage.



ANR has two mainlines, the Southwest Mainline extending from Texas through northwestern Missouri to Wisconsin and the Southeast Mainline beginning in Louisiana and ending in Michigan. ANR serves a portion of Empire District Gas Company's system including Mound City, Rock Port and Maryville and several municipal natural gas systems in northwestern Missouri.

The confidential settlement in this case has been agreed to in principal. The Commission participated in the settlement negotiations in the ANR case on a limited basis.

Federal Electric Activities

The PSC actively participates in FERC cases because FERC regulates interstate electric companies and its decisions directly affect Missouri electric consumers. That active participation includes FERC cases filed by transmission owning members or filed on their behalf by the Midcontinent Independent System Operator (MISO) or the Southwest Power Pool (SPP). Missouri's electric LDCs are members of these two regional transmission operators (RTOs).

FERC Docket No. EL14-12

Several organizations of large industrial electric energy consumers in Illinois, Indiana, Michigan, Minnesota and Wisconsin filed an overearnings complaint case against MISO transmission owners in November 2013.

The complainants challenged the just and reasonableness of the 12.38% base return on equity (ROE) being collected by MISO transmission owners through transmission formula rates. The PSC intervened in this case and also supported the collective efforts by the state commissions within MISO's service territory.

The PSC contributed to the comments filed by the Organization of MISO States (OMS) and the litigation strategy leading up to the August 2015 hearing. The initial decision issued on December 22, 2015 in this case lowered the base ROE to 10.32% and ordered refunds for the difference collected plus interest. The refund period covered revenues collected from November 12, 2013 through February 11, 2015. The final FERC decision in this case is still pending. The outcome of this case will affect MISO members, including Ameren Missouri and its ratepayers.

FERC Docket No. EL15-45

This case was filed to provide for refunds beginning February 12, 2015 through May 11, 2016 because FERC electric complaint cases only provide for refunds covering a 15-month period. The arguments in this case expanded those filed in Docket No. EL14-12 and extended out in time the Discounted Cash Flow analysis period used in determining the base ROE.

The PSC partnered with the Mississippi Public Service Commission, Missouri Joint Municipal Electric Utility Commission and Resale Power Group of Iowa to sponsor rebuttal testimony challenging the current 12.38% base ROE received by shareholder-owned MISO members with transmission formula rates. MISO transmission owners earn a rate of return on rate base that is included in the revenue requirement setting the transmission formula rate.

The initial decision issued on June 30, 2016 reduced the base ROE to 9.7%. Refunds with interest were ordered in this case also. The PSC is awaiting FERC's final decision in this case which could accept or reject the 9.7% base ROE. A reduction in base ROE would reduce transmission costs to members of MISO. Ameren Missouri is a member of MISO and recovers these transmission formula rate costs from its retail customers. The reduction in base ROE may lead to millions of dollars in savings annually.

PSC Participation in Southwest Power Pool (SPP) Transmission Formula Rate Cases

The PSC filed a NOI and commented or protested in a number of transmission formula rate cases filed by SPP transmission owners or SPP on behalf of its member transmission owners. Transmission formula rates set the price paid by SPP members using the transmission facilities of the RTO. These rates are adjusted annually based on data provided in the transmission company's annual FERC Form 1 filing to FERC.

The cases in which the PSC filed comments and/or a protest included newly formed transmission companies seeking to participate in SPP transmission projects or cooperative and municipal transmission owners joining SPP as a result of the Western Area Power Administration's (WAPA) membership. These cooperatives and municipals receive electricity from WAPA and in many cases share transmission facilities.

The PSC's comments and protests in the SPP transmission formula rate cases generally challenged the transmission owner's proposed base ROE. The ROE is used to calculate an investment return on the transmission owner's rate base, including plant. Proposed ROE's have ranged from 10% to nearly 15%. FERC has specific precedent in determining an appropriate base ROE leading to just and reasonable rates.

The financial turmoil in the U.S. since 2008 has led to challenges to FERC's methodology in determining a base ROE. This issue has been hotly contested at FERC over the past several years with cases pending before the U.S. District of Columbia Court of Appeals and FERC.

In some cases, the PSC challenged the proposed transmission formula rate protocols. Protocols document the transmission owner's filing requirements for providing interested parties access to information about the transmission formula rate cost of service through informal discovery and an informal and formal challenge process. The protocols also provide for a public meeting annually to discuss the FERC Form 1 inputs to transmission owners' transmission formula rate. The PSC has been successful in having consistent protocols adopted by SPP transmission owners in the cases where it has negotiated settlements. The FERC Staff has also been instrumental in drafting the protocols.

The SPP transmission formula rate cases to which the PSC has been a party during this fiscal year have either filed settlement agreements at FERC or are in settlement negotiations that will likely lead to settlement:

ER15-1775	Basin Electric Power Cooperative: Settlement in principle.*
ER15-1777	Heartland Consumers Power District: Settled.*
ER15-1809	ATX Southwest: Settled.*
ER15-1943	Missouri River Energy Services (MRES): Settled.*
ER15-1976	East River Electric Power Cooperative: Settled.*
ER15-2028	Corn Belt Power Cooperative: Settlement negotiations ongoing.*
ER15-2069 and ER15-2075	NorthWestern Corporation: Settled.*
ER15-2115	Northwest Iowa Power Cooperative: Settlement negotiations ongoing.*
ER15-2237	Kanstar Transmission: Settled. Petition for review filed by Kansas Corporation

- ER15-2324** Commission to D.C. Circuit.*
ER15-2594 MRES Members: Settled.*
ER16-209 South Central MCN: Settlement in principle.*
 Central Power Electric Cooperative: Settlement negotiations ongoing.*
**As of September 23, 2016*

Regional Transmission Organizations

The Commission balances the interest of Missouri's ratepayers and utility companies by regularly participating in the meetings of the two Regional Transmission Organizations (RTO) active in Missouri: the Midcontinent Independent System Operator (MISO) and the Southwest Power Pool (SPP). RTOs are organizations mandated by the Federal Energy Regulatory Commission (FERC) to: operate the interstate Electric Transmission Grid (the Grid); plan upgrades and expansions of the Grid; manage wholesale electric markets through which utilities buy and sell electricity to one another; and to ensure reliable supplies of electric power. The Commission participates in RTO activities to ensure electric services are provided reliably and safely at reasonable rates to Missouri electric customers and ratepayers.

Southwest Power Pool (SPP)

Missouri electric utilities that are members of SPP include: KCPL, KCP&L-GMO, Empire and City Utilities of Springfield. In addition, many municipal utilities and cooperatives in Missouri participate in SPP, either by being members or by buying and selling energy.

To protect the economic and electric transmission reliability interests of Missouri, Staff regularly attends and participates in the following groups, committees and taskforces to further these goals:

- the SPP Project Cost Working Group meetings to ensure projects are constructed using good utility practice and to ensure cost overruns are constrained;
- the Cost Allocation Working Group (CAWG), which advises the Commissioners and the Regional State Committee (made up of state utility commissions) on cost allocations methodologies. The CAWG worked on developing alternatives to the current "Aggregate Study" Safe Harbor criteria in the current fiscal year;
- the Economic Studies Working Group, which



prepares study parameters used in forecasts to determine future projects' needs;

- the Regional Tariff Working Group, which writes revisions to the SPP Open Access Transmission Tariff;
- the Capacity Margin Taskforce, which is determining how SPP should set member's capacity margin requirements; and,
- the Seams Steering Committee, which develops procedures to manage the relationship between other regional transmission groups and non-SPP affiliated utilities.

Commissioner Stephen Stoll was Vice President of the RSC in the current fiscal year, and is in line to become President of the SPP Regional State Committee in October 2016.

SPP's Reserve Margin

Staff actively participated in SPP stakeholder processes established to determine whether SPP Load Responsible Entities (LREs) could reduce their required reserve margin. LREs are required to maintain generation capacity in reserve to cover unforeseen events that may threaten a generator's ability to serve its load. Staff actively participated in those discussions and evaluations. The current SPP capacity margin is 13%. The stakeholder process recommended to the SPP Board of Directors a 12% reserve margin would be sufficient. Reducing the reserve margin 1% will save the SPP footprint the need to maintain 1,000 megawatts of generation with a value over 40 years (the expected life of a

generator) of about \$1.7 billion. It is expected the SPP Board of Directors will review and approve the stakeholders' recommendation to reduce the SPP Required Reserve Margin to 12% in October 2016.

Regional Cost Allocation Review

In July 2014, SPP began its second Regional Cost Allocation Review to determine if its Highway/Byway cost allocation protocol is equitably allocating electric transmission projects' costs and benefits across the SPP footprint. This work is expected to be finished by the end of calendar year 2016. Commissioner Stephen Stoll was appointed in January 2015 as the chair of the Regional Allocation Review Task Force.

Environmental Protection Agency Impacts

On a regional basis, the retirement of coal-fired electric generation plants due to states complying with the proposed new EPA Clean Power Plan are compelling the RTOs to develop plans to use more natural gas-fired generators and renewable resources to produce electricity. From a regional perspective, both SPP and MISO are concerned that generating capacity relied upon in emergencies and for future generating ability will be reduced. Previously, that capacity was substantial but is declining and will become a concern in the near future. SPP and MISO, while putting some Clean Power Plan evaluation work on hold, have continued to work on reviewing what transmission and generation may be needed in a low carbon emitting future.

Commissioners and Staff also participated in a National Governors Academy "policy academy" on analysis and assumptions related to Missouri choices due to the possible implementation of the EPA Clean Power Plan.

Midcontinent Independent Transmission System Operator (MISO)

Entergy Expansion

In December 2013, MISO expanded to include the Entergy system, including facilities in Arkansas, Louisiana, Mississippi and Texas. The impact of that expansion continued to be felt in fiscal year 2016.

The Entergy system footprint is now commonly referred to as "MISO South" and is electrically connected to the original MISO footprint by a single transmission line in the Missouri Bootheel. The energy flows between MISO north and south exceeded the capacity of the single line between

the two regions and flowed over facilities of Missouri utilities in SPP and Associated Electric Cooperatives, Inc. In response to these flows a number of cases and complaints were initiated by SPP before FERC. The Commission has actively monitored this situation.

Both KCP&L-GMO and Empire have an ownership interest in power plants outside of their franchised territory, and use Entergy/MISO controlled transmission facilities to serve their customers in Missouri. The charge to use these Entergy/MISO facilities to move electricity from these power plants to Missouri, called the "Regional Through And Out Rate", increased significantly when Entergy joined MISO. KCP&L-GMO, Empire and the Commission have made filings to FERC, in FERC Docket Nos. EL13-948 and EL14-19, that this increase of costs improperly burdens Missouri ratepayers while receiving no additional benefits for the increase in transmission costs.

SPP and MISO settled this long-running transmission dispute from FERC Docket No. EL11-34 by agreeing to a compensation package for MISO's use of SPP's transmission system (Settlement). This Settlement was filed in a series of FERC Dockets, including one related to an unexecuted service agreement filed by SPP (FERC Docket No. ER14-1174) and a subsequent MISO counter complaint (FERC Docket No. ER14-30). Subsequently, the Settlement led to two litigated companion FERC cases, one between MISO's stakeholders, (FERC Docket No. ER14-1736) and the other between SPP's stakeholders (FERC Docket No. ER16-791). The MISO case allocates financial responsibility to MISO's stakeholders for MISO-originated electrical flows transiting SPP's system to serve MISO load. The MISO case further ensures that KCP&L-GMO and Empire will be excluded from certain cost allocations. KCP&L-GMO and Empire each serve Missouri customers from electrical generators that they own, located outside of Missouri in other MISO states. The SPP case distributes MISO's payments to SPP among SPP's stakeholders. The compensation paid by MISO to SPP includes charges levied against Ameren Missouri customers. When paid to SPP, part of those charges will flow back to SPP-Missouri customers receiving service from KCPL, KCP&L-GMO and Empire.

MISO Capacity Construct

In 2015-2016, MISO discussed potential changes to the MISO "Planning Reserve Auction", a method MISO uses to ensure there will be enough electricity to serve the MISO region in the next year. Changes

were proposed to impact generation located with “retail choice” areas of MISO, including portions of Illinois and Michigan. Commissioners and Staff worked with MISO to ensure that any Missouri controlled generation located in these territories would continue to be available to Missouri utilities to meet their electricity needs. MISO is not expected to file proposed changes at FERC to affect the April 2017 Planning Reserve Auction, but may file changes to affect future Planning Reserve Auctions.

To protect Missouri’s interests, Staff continued its participation in multiple MISO stakeholder committees, including the Planning Advisory Committee (PAC) and Regional Expansion Criteria Benefits (RECB) Work Group meetings. The PAC deals with transmission project planning for the MISO footprint. The RECB develops criteria for planning which transmission projects should be constructed in the MISO footprint. During fiscal year 2015, Staff helped refine the scenario analysis used to determine which transmission projects should be built and evaluated and whether additional transmission project benefit metrics were needed.

Additionally, Staff participated in the Resource Adequacy Subcommittee, formerly the MISO Supply Adequacy Working Group. The Resource Adequacy Subcommittee covers issues involving Resource Adequacy, including MISO’s annual Planning Resource Auction. Staff continues to make sure Missouri’s interests are represented in these discussions by participating in the draft of “hot topic” responses of the Organization of MISO States (OMS).

MISO and SPP are continuing the process of renegotiating their Joint Operating Agreement which governs their inter-RTO electrical exchanges. Because the border between MISO and SPP runs through Missouri, the outcome of these negotiations will affect the amount Missouri utilities pay for energy transactions between the two RTOs and the price Missouri utilities would receive when they sell energy through the RTOs. With the launch of the SPP-MISO “Market to Market” initiative in March 2015, which remained in effect through the current fiscal year, there is a continued need to determine how energy prices are set at the SPP-MISO border, including many spots within Missouri. Staff has been actively involved in this process as well as other seams issues between MISO and SPP.

Chairman Daniel Hall serves on the OMS Board of Directors.

Federal Energy Regulatory Commission (FERC) Dockets

FERC Order 1000

FERC Order 1000 is a federal administrative agency rule reforming federal electric transmission planning and cost allocation requirements for planning regions including American Electric Cooperative, Inc. (AECI), SPP and MISO. Missouri is in an unusual position in that an RTO boundary (or seam) splits the state between SPP, MISO and AECI. To ensure Missouri and its electric ratepayers interests are represented, Staff participates in SPP and MISO FERC Order 1000 working groups.

Commissioners and Staff also were involved with interregional planning processes required by FERC Order 1000 between SPP, MISO, and AECI in the current fiscal year. MISO and SPP completed their first eighteen month Coordinated System Plan reviewing needs and potential projects along the SPP / MISO border. Although no projects were constructed from the study, MISO and SPP began a second eighteen month study in the Summer of 2016.

WATER AND SEWER DEPARTMENT

The Water and Sewer Department provides technical expertise in the operation of the water and sewer companies regulated by the Commission and analyzes applicable tariffs and tariff filings to ensure those filings are in compliance with appropriate state law, Commission rule, and are fair for both the utility and consumer.

The main functions of the department are to conduct inspections of utility operations, assist customers, investigate customer complaints, work on tariff filings, review small and large company rate requests, and review applications for certificates of convenience and necessity to ensure that a proposed utility is in the public interest.

The department plays a key role in developing appropriate rates required for the utility to collect the revenues that have been approved by the PSC.

Another major role fulfilled by the department is investigating customer complaints regarding quality of service issues. Department personnel spend many hours in the field investigating complaints and working with the customer and the company to find solutions to the customer’s concerns.



There are approximately 65 regulated water and/or sewer companies in Missouri. Most of these companies are considered small or very small based upon those definitions as provided by the National Regulatory Research Institute (NRRI). Typically, these systems have less than 500 customers. One of the major challenges is providing the utility with reasonable revenue to make needed repairs and Missouri Department of Natural Resources (DNR) mandated upgrades while at the same time keeping rates reasonable for consumers.

In fulfilling its duties, the department also works very closely with DNR whose responsibilities include ensuring that the utilities are complying with the applicable federal and state environmental and water quality laws and regulations.

The department is also active in federal activities that impact water and sewer industries in Missouri. Many of the issues that are impacting these industries in Missouri are obstacles in the other states as well; therefore, the department participates in working groups with NRRI and NARUC.

Major Rate Case

On July 31, 2015, Missouri-American Water Company (MAWC), the largest water company in Missouri, filed a rate request (Case No. WR-2015-0301) seeking approximately \$51 million in additional water and sewer operating revenues.

A major issue in the rate case was the Commission's decision to consolidate MAWC's water service areas into three districts. Prior to this case, MAWC had specific rates for its seven large districts and three separate rates for its remaining small districts. The consolidation places all districts into one of three districts, based generally on geographic locations of the systems.

The Commission approved a stipulation and agreement among the parties that allowed for an increase in rate revenues of approximately \$31 million, of which approximately \$26 million was for

the inclusion of ISRS revenues. The Commission also approved an agreement between MAWC and the Division of Energy that will allow for specific demand-side and supply-side energy efficiency investments to be made by MAWC. Rates from this proceeding went into effect on July 20, 2016.

Major Issue Impacting the Water and Sewer Industries

One major issue impacting the department and the industries is the level of infrastructure repair and replacement required throughout the state. Recent findings by the U.S. Environmental Protection Agency indicate that, nationwide, the cost to upgrade the water and wastewater infrastructure is approximately \$384 billion.

Another study performed by the American Water Works Association (AWWA) states that the water industry will need to invest over \$1 trillion nationwide over the next 25 years to replace aging pipes at the end of their useful, service life. Besides the approximately 65 systems regulated by the PSC, there are approximately 2,200 water systems in the state. These studies do not break down the amount of investment needed in Missouri. Many of the small systems are decades old and repair or replacement of the infrastructure is a constant need. However, small systems have a difficult time raising appropriate levels of capital to meet the needs of the system and to upgrade to new environmental rules and regulations.

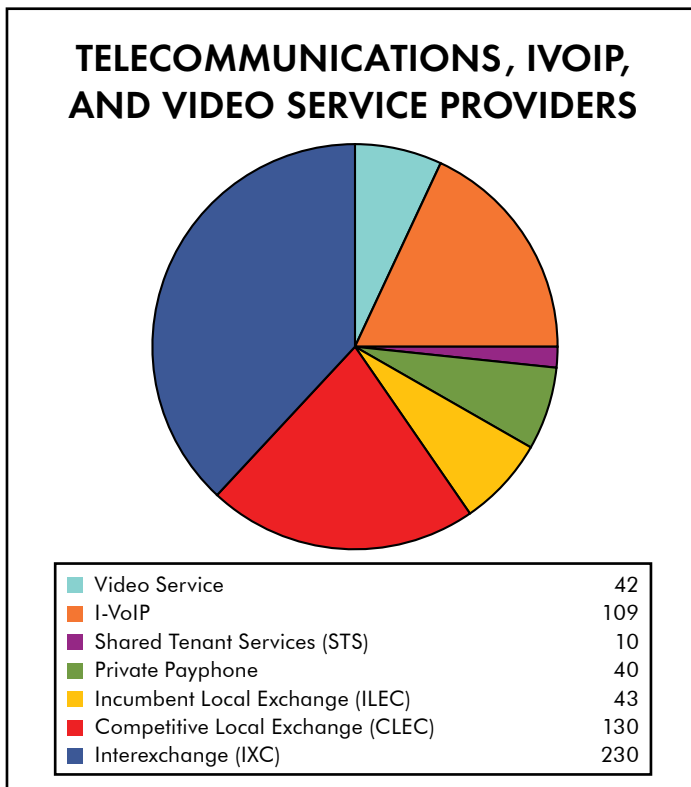


The department is constantly engaged with the small systems that are regulated by the PSC and other interested entities to look for creative solutions so that the utilities can make the appropriate upgrades and to continue to provide safe and adequate service at just and reasonable rates.

TELECOMMUNICATIONS

Commission Authority/Responsibilities

The Commission's authority over telecommunications has changed over the years, with jurisdiction primarily limited to wholesale matters, telephone numbering and administering telecommunications-related programs and funds. Companies providing various forms of landline telecommunications services and Interconnected Voice over Internet Protocol (I-VoIP) service must be certificated or registered with the Commission. Companies offering video service have the option to seek authorization through the Commission rather than through a local municipality.



Universal Service Fund Programs

The Federal Communications Commission (FCC) administers the federal universal service fund (USF). This federal fund is used for a variety of different programs; however, the FCC relies on state

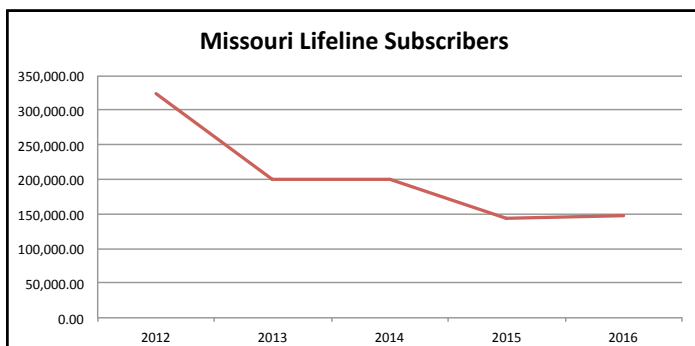
commissions to specifically help in the administration of the high-cost program and the Lifeline program. Any landline or wireless company operating in Missouri wanting to receive financial support from the high-cost program or the Lifeline program must first obtain status from the Commission as an eligible telecommunications carrier (ETC). ETC status ensures a company meets certain qualifications and also makes certain commitments for complying with various program requirements. Minimum ETC requirements are identified in FCC rules; however, a state commission may expand upon those requirements. A total of 73 companies have ETC status in Missouri. During the past year, the Commission submitted comments to FCC proposed revisions to the annual filing made by companies receiving universal service funding.

High-Cost Support Program: The high-cost program is intended to ensure voice and broadband services are available to consumers throughout the nation at comparable rates. Essentially the high-cost support program provides financial support to companies serving high-cost areas such as rural and sparsely-populated areas. In Missouri, 44 landline companies and 3 wireless companies received approximately \$164.8 million in federal high-cost support in 2015.

The FCC relies on state commissions to annually certify companies receiving high-cost support payments. This certification process is intended to ensure a carrier's high-cost support was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance and upgrade of facilities and services for which the support is intended. Failure to obtain this state certification results in termination of a company's high-cost support. The Commission has established rules identifying requirements for obtaining annual certification. In addition, Staff annually conducts on-site visits evaluating a company's facilities and overall operations.

Lifeline Program: The Lifeline program is designed to provide discounted phone service to qualifying low-income consumers. The program has been in existence since 1985 and is overseen by the FCC in partnership with the states. During the past year, the FCC announced Lifeline program reforms.

Consumers participating in the following programs will continue to be eligible for the Lifeline program: Missouri HealthNet, food stamps, supplemental security income, federal public housing. Consumers with a household annual income at or below 135% of the federal poverty level are eligible for the Lifeline



program. The Low Income Home Energy Assistance Program (LIHEAP), national school free lunch and Temporary Assistance for Needy Families (TANF) will no longer be qualifying criteria for the Lifeline program but the Veterans and Survivors Pension Benefit program will be added. Plans are being made to begin routing all Lifeline enrollments through a national verifier within the next few years.

As of June 2016, there were approximately 13 million Lifeline subscribers nationwide. Missouri has 146,874 Lifeline subscribers which is a slight increase from the prior year.

During the past year, the Missouri Universal Service Board conducted a trial to increase Lifeline awareness. Newspaper and radio ads were targeted for Howell, Phelps and Texas counties while interior bus signs were used in the St. Louis area. Initial results suggest interior bus signs advertising the Lifeline program may have a positive impact.

Landline and wireless companies participating in the Lifeline program currently receive federal USF funding of \$9.25 per month for each Lifeline subscriber. Missouri provides an additional \$6.50 per month but this amount solely applies to landline voice Lifeline service. Federal financial support for the Lifeline program will be available for a broadband-only service. At this time, Missouri support for the Lifeline program is limited to voice service or a package of services that includes voice service.

Disabled Program: The disabled program is similar to the Lifeline program in that it provides discounted phone service to consumers participating in the following programs: veterans' administration disability benefits, state blind pension, state aid to blind persons, state supplemental disability assistance payments, or federal social security disability program.

In contrast to the Lifeline program, the disabled program is solely funded through the Missouri USF. The disabled program is limited to landline providers and offers a \$6.50 a month discount. Approximately

713 subscribers were participating in the program at the end of June 2016 versus 1,061 subscribers a year earlier.

Funds Administered by the Commission

Missouri Universal Service Fund: The Missouri Universal Service Board, consisting of the Commission and the Office of the Public Counsel, oversees the Missouri USF pursuant to Section 392.248, RSMo. Commissioner Bill Kenney serves as President of the Universal Service Board. The Missouri USF provides funding solely to landline carriers for the provisioning of discounted voice service to qualifying Lifeline and disabled customers. The Missouri USF is funded through a percentage-based assessment on retail net jurisdictional revenues of landline telecommunications companies and interconnected VoIP providers. This assessment is ultimately paid for by consumers and shows up as the Missouri USF surcharge on monthly bills.

The Missouri USF fund balance has declined from \$3,029,138 to \$2,642,483 during the July 2015 through June 2016 time period. The Missouri USF assessment was last changed from .0017 to .0010 effective October 1, 2014. In addition, the Missouri USF support amount was increased from \$3.50 to \$6.50.

Relay Missouri Fund: The Commission oversees the Relay Missouri Fund (a.k.a. Deaf Relay Service and Equipment Distribution Program Fund) pursuant to Section 209.258, RSMo. This fund provides financial support to ensure deaf, hearing-impaired and speech-impaired consumers have reasonable access to telephone service. More specifically, the Relay Missouri Fund provides financial support for Relay Missouri service, Captioned Telephone service (CapTel) and the Telephone Access Program. Sprint is contracted to provide intrastate relay and CapTel services in Missouri. The current contract is in effect for four years from August 1, 2013 through July 31, 2017. Missouri Assistive Technology administers the Telephone Access Program.

The Relay Missouri Fund is funded by a surcharge applied to landlines with basic local telecommunications service or interconnected VoIP service. The Commission reduced the Relay Missouri surcharge from \$.08 to \$.06 effective December 1, 2014. The Relay Missouri Fund balance was \$4,952,684 as of June 2016. Relay and CapTel usage paid by the fund has declined as users transition to IP-based relay and CapTel services which are solely supported through a corresponding federal fund.

Pricing Reforms

Pricing flexibility has been available for all companies for several years depending on the type of service or competitive status; however, effective August 28, 2014, all retail telecommunications rates were de-regulated. Terms, conditions and rates associated with telecommunications services can either be maintained in a tariff filed with the Commission or by maintaining rates on a company's website. Currently 48 companies have withdrawn their tariffs and maintain their rates on their website.

Reforms to the federal high-cost universal service fund program now require an incumbent local telephone company to maintain monthly local rates above a certain level in order for a company to continue to receive full funding. This requirement is intended to ensure universal service funding provided to companies serving high-cost areas does not subsidize artificially low local service rates. The rate floor was initially set at \$10 in 2012 and has increased to over \$21 by mid-2016. Many companies have increased local rates to retain full high-cost support funding.

Telephone Numbering

The Commission serves as an impartial telephone numbering administrator in Missouri, working closely with the National Number Pool Administration to implement industry guidelines to include telephone number reclamation procedures, and the issuance of new telephone numbers in quantities sufficient to serve new telephone numbering needs.

The Commission also monitors national activities that impact telephone number administration in Missouri. These activities serve to meet expectations that telephone numbers are utilized efficiently as the Public Switched Telephone Network continues its evolutionary migration to an Internet Protocol-based successor network.

The Commission also serves in a capacity to review, and potentially reverse, decisions by federal authorities which have denied additional telephone numbers to telephone companies when specific utilization guidelines are not met. Often referred to as "safety valve" requests, such authority permits the Commission to examine and verify telephone numbering needs involving individualized company-specific situations. In the 2016 fiscal year, the Commission was asked to examine and make determinations in six situations.

The Commission continues to be aggressive in its efforts to conserve telephone numbers. Those efforts have enabled Missouri to delay the implementation of new area codes in the state. The following table shows Missouri's area code projected exhaust dates as well as the percentage of available telephone numbers currently assigned to carriers:

AREA CODE	PROJECTED DATE OF TELEPHONE NUMBER EXHAUSTION*	PERCENTAGE OF NUMBERS ASSIGNED TO CARRIERS
314	4th quarter of 2020	58%
417	1st quarter of 2027	36%
573	3rd quarter of 2022	32%
636	<i>Exhaust date exceeds 30 years</i>	41%
660	1st quarter of 2034	25%
816	3rd quarter of 2022	48%

**Forecast as approved by the FCC in April 2016. The exhaust dates are reviewed twice a year by numbering authorities.*

Investigations

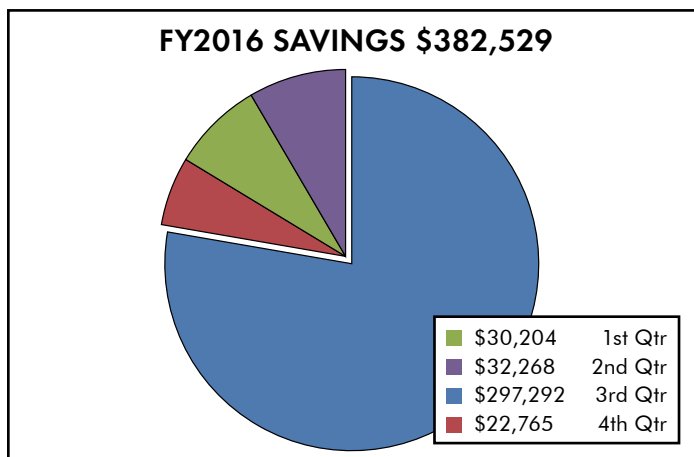
Case No. TO-2016-0184 is the investigation of issues relating to company policies for extending facilities. The investigation was prompted by consumers submitting informal complaints alleging high charges to recover construction costs for extending facilities. Companies vary in their facility extension policies and whether consumers are required to help pay construction costs. The investigation is solely focused on the 47 companies receiving universal service funding support for providing service in high-cost areas in Missouri. A Staff report is due on November 14, 2016.

Case No. RC-2016-0278 is the investigation of whether Total Call Mobile, Inc.'s status as an ETC should be revoked. In April 2016, the FCC fined the company over \$51 million for failing to comply with Lifeline program requirements. The company is currently disputing the FCC's findings and penalty fine. The Missouri Commission has opened an investigation into Total Call Mobile's compliance with Lifeline program requirements in Missouri. The company has been offering Lifeline service in Missouri since 2013.

CONSUMER SERVICES

The Consumer Services Unit (Consumer Services or CSU):

- Responds to information requests, consumer complaints and inquiries regarding utility service. CSU also handles the submission of public comments regarding pending cases related to rate increases, certificate requests, formal complaints and working cases.
- Ensures utility compliance with Commission rules and regulations as well as with the utility's Commission-approved tariffs.
- Works to educate customers, utilities and the public on utility-related consumer service issues, rights and responsibilities, with a focus on promoting understanding to prevent disputes.



Consumer Services has full-time investigators who handle a variety of consumer issues including billing problems, payment arrangements, denial of service issues, disconnection and service connection issues, enforcement of rules and regulations and safety issues. CSU is the link between consumers and the utility company that serves them. Consumer Services handles all contacts in a prompt, fair and practical manner.

All parties are encouraged by Consumer Services to focus on preventing problems before they occur. When consumer issues are found, investigators guide the parties to identify and correct the cause.

Pro se formal complaint cases are handled by Consumer Services and CSU participates in customer-service focused reviews of utility operations and testify in formal cases before the Commission regarding issues that affect consumers.

The Commission received over 10,000 customer-related contacts in 2016. Contacts include complaints, inquiries regarding rules and regulations, information requests, non-jurisdictional requests and public comments related to pending utility cases.

CSU Customer Survey

During the month of June 2016, CSU conducted a mail survey to determine consumer perception of the services provided by CSU. Customers were asked a number of multiple choice questions including overall satisfaction of the services provided by CSU Staff as well as CSU knowledge of the issues raised by the customer. Of those customers who responded to the survey:

- 93% felt their matter was handled by CSU in a very timely manner;
- 98% stated the person they talked to was very polite;
- 74% said they were either very satisfied or satisfied with their complaint resolution;
- 100% felt the PSC representative understood their complaint or questions very well and that they would contact the Public Service Commission again if they experience another problem or have additional problems;
- 93% felt their complaint or question was handled very or fairly thorough; and
- 94% stated they would rate the overall service they received from CSU as excellent or good.

CSU was actively involved in consumer education efforts throughout the state. During the 2016 fiscal year, there were approximately 47 different consumer outreach venues (i.e., energy, senior and back-to-school fairs and local public hearings).



CONSUMER AND MANAGEMENT ANALYSIS UNIT

Management Analysts in the Consumer and Management Analysis Unit (CMAU) participated in a variety of cases and audit projects during 2016. CMAU Staff performed analysis in conjunction with the review of numerous small water and sewer companies to assist them in finding ways to provide sound customer service as well as efficient and effective business practices.

The small water and sewer audit program is designed to provide recommendations to small companies (defined as having approximately 8,000 or fewer customers), in a variety of areas including: customer billing, payment remittance, credit and collections, complaint handling, business office operations and record retention. This program is utilized by Management Analysts when a small utility requests a rate increase.

As part of the audit program, Management Analysts produce a report which contains a description of the companies' processes and procedures as well as audit findings and recommendations for improvement. The audit program also includes implementation reviews, along with continued monitoring of the small utilities after completion of the audit reports.

Management Analysts performed service quality analyses during 2016 on a number of small water and sewer companies in the context of rate increase requests, acquisitions, new certificate cases, implementation reviews and general consultative activity.

Service quality analyses were performed on the following companies during 2016: Raytown Water Company, Raccoon Creek, Roy L Utilities, Taney County Utilities, Moore Bend Utility LLC, Liberty Utilities, Riverfork Water Company, Valley Woods Utility, LLC, Branson Cedars, Rogue Creek Utilities, Spokane Highlands Water Company, Midland Water Company, Riverfork Water Company, Bilyeu Ridge Water Company, Cannon Home Association, Hillcrest Utility Operating Company, Woodland Manor Water Company, Ridge Creek Water, M.P.B Inc., P.C.B. Inc., RDE Sewer and Rogue Creek Utilities, Inc.

During this time period, CMAU Staff participated in a variety of other cases including the Joint Application of The Empire District Electric Company, Liberty

Utilities (Central) Co., and Liberty Sub Corp. for Approval of an Agreement and Plan of Merger and For Other Related Relief (Case No. EM-2016-0213). Staff filed testimony and developed conditions toward ensuring that the proposed merger does not result in a detriment to service quality for Missouri customers.

In the Matter of an Investigation of Missouri-American Water Company with Regard to Certain Issues Disclosed During the Recent Rate Case (Case No. WO-2017-0012), CMAU conducted discovery into faulty water meters Staff learned of during the Company's rate case process. Staff has submitted discovery to Missouri-American Water regarding the matter.



Staff also participated and performed analysis in, In the Matter of Great Plains Energy, Inc.'s Acquisition of Westar Energy, Inc., and Related Matters (Case No. EM-2016-0324).

CMAU Staff continued participation in a Staff complaint filed against KCPL and KCP&L-GMO (Case No. EC-2015-0309) regarding the Companies' relationship to Allconnect, Inc. Allconnect, Inc. contracts with utilities throughout the United States for access to customers of utilities to attempt to sell them other types of services including communication and home product services. The Commission issued its order in the case, which became effective May 27, 2016, and required the companies to obtain customer permission before transferring their calls to Allconnect.

The Staff continues to meet quarterly with KCPL and KCP&L-GMO to address service quality topics as a result of the Great Plains Energy/Kansas City Power & Light Company/Aquila, Inc. merger (Case No. EM-2007-0374). A variety of service quality topics are continuously reviewed with the companies to monitor utility performance and customer service.

CMAU is currently participating in the KCP&L-GMO and KCPL rate cases (Case Nos. ER-2016-0156 and ER-2016-0285, respectively).

CMAU Staff also participated in the Commission's Telecommunications Department's review of Universal Service Fund (USF) certifications for six telecommunications' companies during this time period: Ozark Telephone, Seneca Telephone, Goodman Telephone, Chariton Valley Telephone both CLEC (Competitive Local Exchange Carrier) and ILEC (Incumbent Local Exchange Carrier), and Northeast Missouri Rural Telephone. Staff analyzed a variety of processes and practices during each of these reviews, including customer billing and payment remittance, credit and collections, local business office operations and the companies' handling of customer complaints and inquiries. CMAU Staff submitted a number of data requests, performed on-site work and made recommendations for improvements in its reports.

Staff continues to receive and review quality of service reports from a variety of companies as a result of mergers and rate cases. These reports contain information regarding customer service, including data on staffing levels, call center indicators such as average speed of answer and abandoned call rate, and the number of billing estimates performed. Staff monitors the call center performance of all of the state's large regulated natural gas and electric companies as well as MAWC.

CMAU Staff also continues to meet with MAWC periodically and receive quarterly status reports in the context of In the Matter of Staff's Investigation into the Adequacy of the Call Centers serving MAWC (Case No. WO-2014-0362). Staff specifically reviews and analyzes call center performance trends, and these reviews often result in additional inquiries and discussion with the utilities regarding performance.

Staff also performed analysis on a variety of customer complaints during this period.

MANUFACTURED HOUSING AND MODULAR UNITS PROGRAM

The Manufactured Housing and Modular Units Program (Program) is responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units, as well as the licensing of installers of new manufactured federal Housing and Urban Development (HUD) homes. Program Staff also prescribes and enforces uniform construction, safety and installation standards by conducting inspections, which include enforcement of tie down and anchoring requirements.

The Commission has a toll-free number, **1-800-819-3180**, for consumers who have questions or complaints regarding manufactured homes or modular units. Staff conducts free home inspections for consumers requesting an inspection if the consumer is the first owner of the home and the home is less than two years old. Additional information is available on the Commission's website at **psc.mo.gov/manufacturedhousing**.

During the 2016 fiscal year, the Program licensed 132 manufacturers, 205 retail dealers, and 77 installers. Field Staff conducted a total of 15 consumer complaint inspections. The number of consumer complaints was down 17% from 18 in 2015 to 15 in 2016, and the number of on-site inspections was up from 397 to 484.



On-site inspections can help identify any installation problems and those problems can be repaired before the installation of the home is completed, reducing repair costs and ensuring that the consumer has a properly installed, longer lasting home. In many cases, these on-site inspections are initiated or requested by the home installer, dealer or the home owner to ensure the site is properly prepared before the home is placed on the site.

Structures that are not properly installed may result in very expensive repairs which can take weeks to complete. Most of today's homes and commercial units are multi-section structures installed on crawl spaces or basement foundations or below frost grade footings. Many of these structures have high pitched hinged roofs and require specialized equipment to install.

Many multi-section units require several weeks to fully complete from site preparation to final close up and interior finish. Program Staff work with local communities around the state to ensure manufactured homes and modular units are built to the applicable building and safety codes and are set up and installed according to applicable state standards.

Manufactured Homes and Modular Unit Sales

Approximately 1,026 new manufactured homes and new modular units were sold in Missouri during the 2016 fiscal year. In addition, 1,209 used homes were sold in the state (up 9% from FY2015).

Modular and manufactured homes fill a major housing void in many rural areas where site built homes are difficult to construct in a timely manner. Manufactured homes also offer an affordable alternative to site built homes.

Commercial modular units range from small single section units to large 16 to 20 section multi-family structures. Other commercial units include specialized units such as medical facilities, banks and jails. Many of these commercial units can be delivered and fully operational within a very short period of time. Program Staff works with local building and code officials to ensure these structures meet the applicable commercial building code requirements under the International Building Codes (IBC).

The use of modular classrooms has become more and more common across the state to accommodate for expanding school districts. Program Staff inspected modular classrooms all across the state

to ensure a safe learning environment; inspecting the site, foundation, connection of units, anchoring, access and egress, etc. Recently Staff created a Modular Classroom Informational Bulletin to assist school districts who have little or no experience with modular classrooms.

Dispute Resolution

The Commission's dispute resolution hearing process includes on-site hearings, which are conducted at the home's location with the homeowner, manufacturer, dealer, installer(s) and Staff. Corrective action is identified by the Staff and the responsible party is required to make the applicable changes. These hearings have reduced the legal cost for the industry, the consumer and the Commission.

STATISTICS FOR FISCAL YEAR 2016

Registered Manufacturers:	132
Registered Dealers:	205
Registered Installers:	77
Homes Sold (New & Used):	2,235
Consumer Complaint Inspections:	15
On-Site Inspections:	484
Dealer Lot Inspections:	44
Dealer Lot Investigations:	16
Modular Unit Seals Issued:	783
Modular Unit Plans Approved:	324
Installer Decals Issued:	975

RATE CASES DECIDED DURING THE 2016 FISCAL YEAR

ELECTRIC

Date of Order	Case No.	Company	Rate Request	PSC Decision
9/2/15	ER-2014-0370	KCPL	\$ 120.9 million	\$ 89.7 million

WATER AND SEWER

Date of Order	Case No.	Company	Rate Request	PSC Decision
11/18/15	WR-2015-0246	Raytown Water Co.	\$ 544,981	\$ 447,005
12/16/15	WR-2015-0192	Bilyeu Ridge Water Co.	\$ 5,000	\$ 7,716
12/16/15	WR-2015-0193	Midland Water Co.	\$ 9,000	\$ 482
12/16/15	WR-2015-0194	Moore Bend Water	\$ 22,000	\$ 21,882
12/16/15	WR-2015-0195	Riverfork Water Co.	\$ 5,400	\$ 5,481
12/16/15	WR-2015-0196	Taney County Water	\$ 60,000	\$ 24,414
12/16/15	WR-2015-0197	Valley Woods Utility	\$ 6,600	\$ 0
12/16/15	SR-2015-0198	Valley Woods Utility	\$ 3,900	\$ (8,602)
05/26/16	WR-2015-0301	Missouri-American Water	\$ 51 million	\$ 30.6 million
05/26/16	SR-2016-0112	Cannon Home Assoc.	\$ 25,000	\$ 22,647
06/08/16	WR-2016-0109	Roy L Utilities	\$ 6,000	\$ 10,858
06/08/16	SR-2016-0110	Roy L Utilities	\$ 3,000	\$ 8,574

ELECTRIC STATISTICS

Calendar Year 2015 (Missouri Jurisdictional)

Company Name	Operating Revenues	MWhs Sold	Residential Customers	Total Customers
Empire District Electric Co.	\$ 450,474,700	4,059,623	126,909	150,549
Kansas City Power & Light Co.	\$ 804,450,314	8,432,159	243,292	275,805
KCP&L-GMO-L&P	\$ 184,609,040	2,056,023	57,684	65,486
KCP&L-GMO-MPS	\$ 560,394,446	5,914,596	221,056	252,664
Ameren Missouri (1)	<u>\$3,060,853,820</u>	<u>35,875,728</u>	<u>1,043,603</u>	<u>1,203,538</u>

Totals: **\$5,060,782,320** **56,338,129** **1,692,544** **1,948,042**

Source: MoPSC FERC Form 1, 2015 Annual Reports (Missouri Jurisdictional)

(1) Union Electric Company d/b/a Ameren Missouri

STEAM STATISTICS

Calendar Year 2015 (Missouri Jurisdictional)

Company Name	Operating Revenues	MMBtus Sold	Residential Customers	Total Customers
KCP&L-GMO	\$14,330,703	2,705,417	0	5
Veolia Energy Kansas City, Inc (1)	<u>\$20,612,703</u>	<u>1,754,443</u>	<u>0</u>	<u>51</u>
Totals:	\$34,943,406	4,459,860	0	56

Source: 2015 Annual Report

(1) Reported in MLB's

NATURAL GAS STATISTICS

Calendar Year 2015 (Missouri Jurisdictional)

Company Name	Operating Revenues	Mcfs Sold	Residential Customers	Total Customers
Liberty Utilities	\$ 52,852,305	8,600,084	46,230	53,109
Empire District Gas Co.	\$ 41,297,142	7,783,905	37,484	42,940
Laclede Gas Company	\$ 709,675,200	83,553,170	606,236	647,056
Missouri Gas Energy (1)	\$ 484,995,472	69,187,542	445,941	507,725
Summit Natural Gas Co. (2)	\$ 32,959,358	3,007,122	17,686	18,226
Ameren Missouri (3)	<u>\$ 129,865,548</u>	<u>16,864,924</u>	<u>115,036</u>	<u>128,393</u>
Totals:	\$1,451,645,025	188,996,747	1,268,613	1,397,449

Source: MoPSC FERC Form 2, 2015 Annual Reports (Missouri Jurisdictional)

(1) A division of Laclede Gas Company

(2) Formerly Missouri Gas Utility and Southern Missouri Gas Company, L.P. d/b/a Summit Natural Gas Company

(3) Union Electric Company d/b/a Ameren Missouri

COMBINATION WATER AND SEWER COMPANIES FISCAL YEAR 2016 *

COMPANY NAME	WATER CUSTOMERS	SEWER CUSTOMERS
Branson Cedars Resort Utility Company LLC	50	50
Calvey Brook	0	0
Cedar Green Land Acquisitions	54	54
Foxfire	248	243
Gladlo Water & Sewer Co. (1)	71	62
Highway H Utilities, Inc.	316	316
Hillcrest Utility Operating Company	240	240
Holtgrewe Farms Water Co., LLC	14	14
Lake Northwoods Utility Co.	16	16
Lake Region Water and Sewer Co.	677	929
Liberty Utilities	1,975	412
Lincoln County Sewer & Water, LLC	151	152
Missouri American Water Co.	459,560	11,790
Missouri Utilities Co. (1)	151	151
Osage Water Co. (1)	418	386
Port Perry Service Co.	321	139
Rogue Creek Utilities (1)	90	86
Roy L Utilities, Inc.	60	57
S K & M Water & Sewer Co.	281	152
Seges Mobile Home Park	60	60
Terre Du Lac Utilities Corp.	1,272	1,256
Valley Woods Utility, LLC	41	32
Willows Utility Co.	158	158
Total Number of Customers	466,224	16,755

*Active Companies as of 6/30/16. Customer numbers based on most recent data available.

(1) Operating Under Receivership

STAND ALONE WATER AND SEWER COMPANIES FISCAL YEAR 2016 *

NAME OF WATER COMPANY	CUSTOMERS	NAME OF SEWER COMPANY	CUSTOMERS
Arglye Estates Water System	52	Cannon Home Association	107
Bilyeu Ridge Water Company, LLC	55	Central Rivers Wastewater Utility, Inc.	295
Empire District Electric Co. (2)	4,435	EMC of St. Charles	72
Environmental Utilities	21	House Springs Sewer Co. (2)	1,198
Evergreen Lake Water Co.	56	M.P.B. Inc. (1)	214
Franklin County Water Co.	193	Mid Mo Sanitation	29
Gascony Water Co., Inc.	177	Mill Creek Sewer Co. (1)	75
Indian Hills Utility Operating Company, Inc	708	North Oak Sewer	78
Lakeland Heights Water Co.	102	P.C.B. Inc. (1)	301
Middlefork Water Co. ** (2)	2	R.D. Sewer Company, LLC	171
Midland Water Co.	94	Raccoon Creek***	500
Moore Bend Water Utility, LLC	88	Taney County Utilities	61
Oakbrier Water Co.	57	Taneycomo Highlands	32
Public Funding Corp of Ozark	219	TBJ Sewer Systems, Inc.	66
Raytown Water Co.	6,616	Timber Creek Sewer Co.	1,992
Rex Defenderfer Enterprises Inc.	1,138	TUK LLC	25
Ridge Creek Water Company, LLC	136	Warren County Sewer Co.	35
Riverfork Water Co.	143		
Smithview H2O Co.	105	Total Number of Customers	5,251
Spokane Highlands Water Co.	49		
Stockton Hills Water Co.	163		
Taney County Water, LLC	511		
Village Greens Water Co.	76		
Whispering Hills Water Co.	52		
Whiteside Hidden Acres, LLC	34		
Total Number of Customers	15,282		

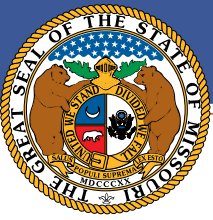
*Active Companies as of 6/30/16. Customer numbers based on most recent data available.

**Middlefork Water Company provides water to Grant City and Standberry which buy the water wholesale to provide to approximately 2,100 customers.

***Company formed from acquisition of Village Water & Sewer, West 16th Street, and WPC Sewer Co.

(1) Operating Under Receivership

(2) Sale / Transfer Pending



YEAR-IN-REVIEW

2015

July 1

Commission denies Grain Belt Express request for a certificate of convenience and necessity to construct, own, operate and maintain a high voltage, direct current transmission line and associated facilities within eight Missouri counties.

July 22

Commission opens working case to consider proposals to create a revenue decoupling mechanism for utilities.

July 22

Commission opens natural gas safety working docket.

July 31

Missouri-American Water Company files water and sewer rate cases with the Commission seeking to increase base rates by approximately \$51 million.

September 2

Commission grants Kansas City Power & Light Company (KCPL) an electric rate increase of approximately \$89.7 million. When KCPL filed its rate request with the Commission on October 30, 2014, it sought an increase of approximately \$120.9 million.

September 10

Commission observes National Telephone Discount Lifeline Awareness Week.

September 21

Commission announces organizational changes within the agency.

October 16

The Empire District Electric Company files an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$33.4 million.

October 22

Commission rejects Ameren Missouri proposed Cycle 2 Missouri Energy Efficiency Investment Act (MEEIA) plan.

November 1

Commission's Cold Weather Rule takes effect. The rule will remain in effect until March 31.

November 4

Commission approves Southtown Utilities Company water and sewer system sale to the City of Bolivar, Missouri.

November 4

Commission approves the sale of the Hickory Hills water and sewer system assets to Missouri-American Water Company.

November 12

Commission approves Missouri-American Water Company request for a certificate of convenience and necessity to install, own and operate a sewer system in an area currently served by Benton County Sewer District No. 1.

November 18

Commission approves agreement which authorizes Raytown Water Company to increase annual water operating revenues by approximately \$447,005. When Raytown Water Company filed its rate request on April 1, 2015, it sought to increase annual water operating revenues by approximately \$544,981.

December 2

Commission opens working case to examine issues regarding electric vehicle charging stations.

December 16

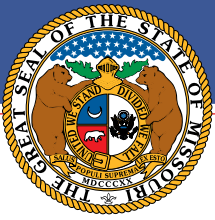
Commission approves application authorizing Foxfire Utility Company to donate its assets used to provide water service in its Spring Branch Water System to Upper White River Basin Foundation, Inc.

December 16

Commission approves agreement in rate cases filed by Ozark International, Inc. which authorizes an increase in annual water operating revenues of approximately \$51,373. When the company filed its rate request on behalf of six of its water companies on February 9, 2015, it sought to increase annual water operating revenues by approximately \$111,900.

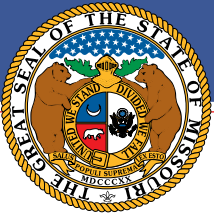
2016

January 27	Commission opens a docket to investigate the facility extension policies of eligible telecommunications carriers that receive support from the federal high-cost universal service fund.		
February 3	Commission approves application filed by Indian Hills Utility Operating Company, Inc. to acquire the water system assets of I.H. Utilities, Inc.		
February 10	Commission approves agreement for certain demand-side programs and a Demand-Side Investment Mechanism under Ameren Missouri's second (Cycle 2) Missouri Energy Efficiency Investment Act (MEEIA) filing.		
February 23	KCP&L-Greater Missouri Operations Company files an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$59.3 million.		
March 2	Commission approves non-unanimous agreement in Kansas City Power & Light Company and KCP&L-Greater Missouri Operations Company Cycle 2 Missouri Energy Efficiency Investment Act (MEEIA) Plans.		
March 2	Commission grants KCP&L-Greater Missouri Operations Company a certificate of convenience and necessity to build a solar generation facility in Jackson County.		
March 14	Commission supports national "Fix-A-Leak" Week.		
March 16	The Empire District Electric Company, Liberty Utilities (Central) Co. (LU Central) and Liberty Sub Corp. file a joint application seeking Commission approval of a transaction in which LU Central would acquire all of the common stock of Empire. According to the application, LU Central is a wholly-owned subsidiary of Liberty Utilities Co. and is an indirect subsidiary of Algonquin Power & Utilities Corp.		
		April 1	Commission observes national Safe Digging Month.
		April 27	Commission approves application filed by Ameren Transmission Company of Illinois (ATXI) seeking a certificate of convenience and necessity to construct a 95-mile electric transmission line in northeast Missouri. As part of that decision, the Commission imposed a condition whereby ATXI would need to acquire county commission permissions (assents) before the certificate takes effect.
		May 3	Commission approves the sale of the water system assets of Woodland Manor Water Company, LLC to Missouri-American Water Company. Woodland Manor provides water service to approximately 165 customers in Stone County near Kimberling City, Missouri.
		May 26	Commission issues order in Missouri-American Water Company water and sewer rate case. The Commission approves an agreement authorizing an increase of approximately \$30.4 million in annual water and sewer operating revenues. When Missouri-American filed its rate request on July 1, 2015, it sought to increase annual water and sewer operating revenues by approximately \$51 million.
		June 8	Commission opens working case to consider policies to improve electric utility regulation.
		June 8	Commission opens working case to consider changes to ex parte and extra-record communications rule.



COMMISSIONERS PAST AND PRESENT

COMMISSIONER	LENGTH OF SERVICE	COMMISSIONER	LENGTH OF SERVICE
John M. Atkinson	1913-1916	D.D. McDonald	1955-1961
William F. Woerner	1913-1914	William Barton	1956-1965
John Kennish	1913-1917; 1920	Frank J. Luen	1959-1963
Frank A. Wightman	1913-1915	Frank W. May	1961-1967
Howard B. Shaw	1913-1917	Donal D. Guffey	1963-1968
Edwin J. Bean	1914-1925	William R. Clark	1965-1975
Eugene McQuillin	1915-1917	Charles J. Fain	1965-1977
William G. Busby	1916-1921	Howard Elliot, Jr.	1967-1970
David E. Blair	1917-1920	Marvin E. Jones	1967-1973
Noah W. Simpson	1917-1923	Willard D. Reine	1968-1975
Edward Flad	1917-1921	James F. Mauze	1971-1975
John A. Kurtz	1920-1923	A. Robert Pierce, Jr.	1973-1977
Hugh McIndoe	1921-1923	James P. Mulvaney	1975-1977
A.J. O'Reilly	1921-1925	Stephen B. Jones	1975-1979
Richard H. Musser	1923-1925	Hugh A. Sprague	1975-1979
Merrill E. Otis	1923-1924	Charles J. Fraas	1977-1983
Thomas J. Brown	1923-1928	Leah Brock McCartney	1977-1983
D.E. Calfee	1925-1929	Alberta Slavin	1977-1981
Almon Ing	1925-1933	Stephanie Bryant	1979-1981
S.M. Hutchinson	1925-1931	Larry W. Dority	1979-1983
J.H. Porter	1925-1933	John C. Shapleigh	1981-1984
James P. Painter	1928-1929	Charlotte Musgrave	1981-1988
Milton R. Stahl	1929-1933	Allan G. Mueller	1983-1996
J. Fred Hull	1929-1934	Connie Hendren	1983-1989
George H. English	1931-1936	James M. Fischer	1984-1989
J.C. Collet	1933-1935	William D. Steinmeier	1984-1992
William Stoecker	1933-1936	David Rauch	1989-1993
W.M. Anderson	1933-1938	Kenneth McClure	1990-1997
Harry E. McPherson	1934-1935	Ruby Letsch-Roderique	1990-1991
Sam O. Hargus	1935-1937	Patricia Perkins	1991-1995
John S. Boyer	1935-1941	Duncan Kincheloe	1992-1997
Albert D. Nortoni	1936-1938	Harold Crumpton	1993-2000
John A. Ferguson	1936-1944	M. Dianne Drainer	1995-2001
J.D. James	1937-1942	Karl Zobrist	1996-1997
Marion S. Francis	1938-1941	Robert Schemenauer	1998-2001
Scott Wilson	1938-1941	Sheila Lumpe	1997-2003
Paul Van Osdol	1941-1943	Connie Murray	1997-2009
Frederick Stueck	1941-1943	Kelvin Simmons	2000-2003
Kyle Williams	1941-1952	Bryan Forbis	2001-2003
Charles L. Henson	1942-1959	Steve Gaw	2001-2007
Albert Miller	1943-1944	Linward "Lin" Appling	2004-2008
Richard Arens	1944-1945	Robert Clayton III	2003-2011
Agnes Mae Wilson	1943-1949	Jeff Davis	2004-2012
E.L. McClintock	1945-1967	Kevin Gunn	2008-2013
Morris E. Osburn	1945-1952	Terry Jarrett	2007-2013
John P. Randolph	1949-1951	Robert S. Kenney	2009-2015
Henry McKay Cary	1950-1955	Stephen M. Stoll	2012-present
Maurice Covert	1952-1953	William P. Kenney	2013-present
Tyre W. Burton	1952-1965	Daniel Y. Hall	2013-present
Frank Collier	1953-1954	Scott T. Rupp	2014-present
M.J. McQueen	1954-1956	Maida Coleman	2015-present



CONTACTING THE PSC

Missouri Public Service Commission offices are located in Kansas City, Jefferson City and St. Louis. The PSC is open from 8:00 a.m.-12:00 noon and 1:00 p.m.-5:00 p.m., Monday through Friday, except on state holidays.

Jefferson City: Missouri Public Service Commission

Governor Office Building
200 Madison Street
(Mailing Address: P.O. Box 360)
Jefferson City, MO 65102
Other Business: (573) 751-3234
Fax: (573) 751-1847

St. Louis: Missouri Public Service Commission

Wainwright State Office Building
111 North 7th Street, Suite 105
St. Louis, MO 63101
Telephone No.: (314) 340-4700, Ext. 27
Fax: (314) 340-4758

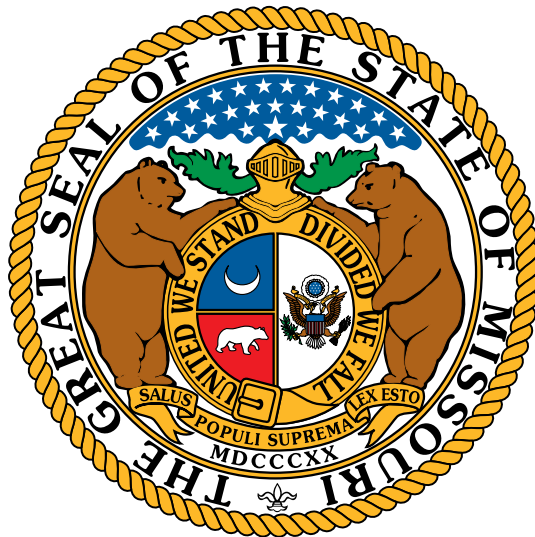
Kansas City: Missouri Public Service Commission

Fletcher Daniels State Office Building
615 E. 13th Street, Room 201
Kansas City, MO 64106
Telephone No.: (816) 889-3944
Fax: (816) 889-3957

**Toll-free Consumer Hotline for
Complaints/Inquiries: (800) 392-4211**

**Manufactured Housing/Modular Unit
Complaints: (800) 819-3180**

Website address: psc.mo.gov



MISSOURI PUBLIC SERVICE COMMISSION

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Jefferson City, Missouri 65102

psc.mo.gov

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